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The COMMERCIAL & FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

Observers report increasing evidence of growing public interest in lower-priced speculative railroad obligations which have been in a rising trend for several months.

Presumably the public, which has had little interest in speculation in recent years, is, belatedly, becoming aware of the revivifying influence which war business has been exerting upon the traffic and earnings of the rail carriers.

What has been happening in carrier bonds, that is those of roads in receivership and of companies which came quite close to the brink in the last decade, is vividly set forth in the performance of the so-called "defaulted rail bond average," compiled by Dow-Jones & Co.

On Jan. 2 last a group of ten selected defaulted liens had an average worth of 13.99. Currently the same ten bonds show an average worth of around 21.40 showing an indicated appreciation of some 53.3%.

The average for these issues set a low, in January of 1941, of 10.78 while the low for recent years was set on May, 1940 at 7.23.

Traders have been active in the group for some time, basing their operations on the rising trend of rail earnings, and perhaps equally important, the expectation that the new tax bill will include a provision permitting the carriers to retire their debt by purchase in the open market, without incurring a tax liability on the differential between the price paid and the par of the bond.

"Swapping" A Factor

Ever since the depression, institutional investors have been chiefly concerned with paring

(Continued on page 1071)

American Bankers Association "Convention In Print" Edition

In co-operation with the efforts of the Office of Defense Transportation, headed by Joseph B. Eastman, to limit civilian wartime travel to an absolute minimum, the American Bankers Association decided this year to cancel its annual convention and to substitute therefor a "Convention In Print." It is unfortunate that, owing to space limitations, we were unable to give in this issue of the "Chronicle" all of the articles which were prepared for the Association's "Convention In Print." Those that do appear are listed below and, in this connection, we wish to express our thanks to "Banking," the official organ of the Association, for making their publication in the "Chronicle" possible. It is not unlikely that it will be possible to publish in future issues of the "Chronicle" some of the papers necessarily omitted at this time, as they also constitute a valuable contribution to the study of the problems of banking in wartime and the important part played by the industry in the war effort.

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Our Reporter On "Governments"

When Secretary Morgenthau announced he was going to sell $1,500,000,000 of certificates of indebtedness carrying only 0.65% interest, most experts were shocked at the "close shaving," predicted banks outside of the big cities would sidestep the issue, concentrate instead on the 1¼% notes. . . . It was obvious country banks wouldn't want an issue bearing so slight an interest coupon. . . . Obvious New York City's and Chicago's banks would have to get behind the offering to put it over. . . . Well, the issue did go over, as naturally it would. . . . But allotments were on a straight 75% basis for all subscriptions over $25,000, and those were allotted in full. . . . For a $1,500,000,000 issue, only $1,992,000,000 of subscriptions were received. . . . That's not so good. . . . To put it mildly. . . .

And, in addition, the large allotment percentage must give Morgenthau the warning he needs. . . . Selling issues with such minor interest coupons is a delicate, dangerous task at this time. . . . The banks want certificates—surely. . . . But they don't care especially whether a maturity is six or eight months and they would rather have the extra few dollars' interest than the more or less theoretically greater protection of a shorter due date. . . .

The allotment figures on the September issues—75% on the certificates, 42% on the notes—tell us these things:

The market has had sufficient certificate issues for the time being. . . .

If any more certificate offerings are tried, the chances are the interest coupons will be around the ⅞% level, which proved so attractive on the flotation before this. . . .

The process of bringing liquidity into the short-term mart has been all but completed. . . .

The best move for the Treasury now is to move "out a bit" and into the intermediate or long-term market. . . .

THE DISCOUNT NOTES

There are more issues selling below par in the open market today than most observers realize. . . . Not important issues. . . . Not bonds that the big investors hold in huge quantities and that

(Continued on page 1086)

Chase Bank Celebrates 65th Anniversary

September 20 marked the 65th anniversary of the Chase National Bank, of New York, which was founded in 1877 by John Thompson, a prominent figure in the financial world of that period. It was named in honor of Salmon P. Chase, Secretary of the Treasury in the Cabinet of Abraham Lincoln.

The first statement of condition published by the bank as of

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Eiger & Canniff Now With Hart Smith & Co.

Announcement is made of the association with Hart Smith & Co., 52 William St., New York City, of William Eiger and George V. Canniff. Mr. Eiger was formerly with H. E. Scott Co. and Royal Securities Corp.; Mr. Canniff was with Taylor, Bates & Co., and for many years with Harriman & Keech.

Hart Smith & Co. have offices in New York City, Montreal and Toronto, and have for many years been active in the field of Canadian securities.

New Nickel In Production

Mrs. Nellie Tayloe Ross, Director of the Mint, announces that production of the new "Victory-alloy" five-cent coin began on Sept. 18 at the Philadelphia Mint. The new coin consists of 35% silver, 56% copper and 9% manganese, thus saving for war use all the nickel and 25% of the copper of the present "nickel." The familiar Jefferson design will be continued in the new coin. The change in the metal composition of the new five-cent piece was referred to in these columns Sept. 17, page 979.

"Duke" Jr. In Solomons

"Duke" Hunter, Jr., son of "Duke" Hunter of Hunter & Co., 42 Broadway, New York City, is on active service in the Guadalcanal area in the Solomon Islands. "Duke" Jr. is a member of the U. S. Marine Corps.

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Dealer Asks NASD Pertinent Question

A New York State dealer firm has furnished us with a copy of a letter sent by them to the National Association of Securities Dealers, Inc., Philadelphia, concerning the proposed SEC bid and asked disclosure rule. At the writer's request, we are omitting both his name and that of the firm. Text of the letter follows:

"Pending determination of proposed rule X-15C1-10 of the Securities and Exchange Commission, will you be good enough to inform us whether the NASD may have postponed the payment date of the membership assessment due Oct. 1 for the fiscal year Oct. 1, 1942, to Nov. 30, 1943? Obviously, if the proposed regulation becomes effective, the majority of investment dealers will have no need for membership in the NASD or further incentive to continue in the securities business."

Eberstadt Appointed To New WPB Post

The appointment of Ferdinand Eberstadt as a Vice Chairman of the War Production Board in charge of programs and schedules was announced on Sept. 19 by WPB Chairman Donald M. Nelson. Mr. Eberstadt is relinquishing his post as Chairman of the Army and Navy Munitions Board in order to accept the new assignment. In his position he will have charge of the flow of materials to manufacturers and producers throughout the war effort, taking over the responsibilities formerly held by James S. Knowlson, another WPB Vice Chairman and Mr. Nelson's deputy on the British-American Combined Production and Resources Board. The change, it was said, will leave Mr. Knowlson free to devote his time to the work of that board. Special advices from Washington to the New York "Herald-Tribune" on Sept. 19 said:

"In order that responsibility for control of materials may be centralized, both in respect to the program determination and the execution of allocations, it was explained at the WPB, Ernest Kanzler, recently appointed Director of Operations, will report to Chairman Nelson through Mr. Eberstadt.

"Under the new set-up, Mr. Nelson said, responsibility for seeing to it that proper programs and schedules are drawn up and the responsibility for making materials available to meet these programs and schedules are tied together by centering both responsibilities in Mr. Eberstadt, Responsibility for following through on all production schedules to see that they are met is up to Charles E. Wilson, recently appointed a Vice-Chairman."

Pittsburgh Bond Club To Hold Fall Outing

PITTSBURGH, PA.—The Bond Club of Pittsburgh will hold its annual Fall outing on Thursday, October 1st, at the Shannopin Country Club.

A feature of the day will be a golf tournament, the Bankers Cup to be awarded to the winner. Greens fee will be $1.50. Other sports featured will be Le Bocci, Mo-Skeet-O and tennis. Dinner will be at 7:30 p.m.—free to members; guests, $2.50.

Reservations should be made with G. C. Bodell, Chairman of the Outing Committee, Peoples-Pittsburgh Trust Company.

Hopkinson Re-Elected By Pennsylvania IBA

The Eastern Pennsylvania Group of the Investment Bankers Association re-elected Edward Hopkinson, Jr., partner in Drexel & Co., Chairman for the 1942-1943 year at its annual meeting held recently. Sydney P. Clark, E. W. Clark & Co., was again chosen Vice-Chairman and Albert R. Thayer, Thayer, Baker & Co., was named Secretary-Treasurer.

William D. Buzby, Jr., Butcher & Sherrerd; Walter A. Schmidt, Schmidt, Poole & Co., and Bertram W. Wilde, Janney & Co., were elected to the Executive Committee for three-year terms. Henry D. Boenning, Boenning & Co., was elected to fill the unexpired term of Thornton C. Pray, Wurts, Dulles & Co., who has resigned from the Committee.

Newman & Worms Will Join Ira Haupt & Co.

Following the dissolution of Newman Bros. & Worms on Sept. 30, Claude S. Newman, member of the New York Stock Exchange, and Samuel E. Worms will become partners in Ira Haupt & Co., 39 Broadway, New York, members of the New York Stock Exchange, on Oct. 1. Also admitted to partnership in Ira Haupt & Co. will be Jules R. Gimbernat, Jr., who has been with the firm for many years in charge of railroad bonds.

F. W. Morrow Becomes H. L. Emerson V.-P.

CLEVELAND, OHIO—Frank W. Morrow, member of the Cleveland Stock Exchange, has become a vice-president of H. L. Emerson & Co., Inc., Union Commerce Building, which has been elected to the Cleveland Exchange. Mr. Morrow was formerly proprietor of Morrow & Co. in Cleveland and prior thereto was a partner in Cunningham & Co. and its predecessor Kraus-Cunningham & Co.

R. S. Harris Is Now With M. A. Saunders

MEMPHIS, TENN.—Richard S. Harris has become associated with M. A. Saunders & Co., Inc., Union Planters Bank Building. Mr. Harris for many years was proprietor of R. S. Harris & Company, which has now discontinued business.

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If anyone tells you business is very good in the Free State of Maryland, that there is a great demand for Municipals, bank and insurance stocks, high grade bonds and preferreds, and speculative rails, and that the boardroom traders are keeping the order clerks busy, he is either a miracle man or something else.

On the other hand, one who says there is no business recalls the spies' evil report in *Numbers* 13.

There is business to be had, notwithstanding the billions of investment dollars all of us are helping to direct into War Bonds; and while we are short-handed by many members of our organization being in the armed service, we are working harder than ever and doing a little in almost everything; and we have not lost our optimism.—*W. T. Childs, Stein Bros. & Boyce*

Boston, Mass.

Any investor contemplating a long-term investment in the insurance industry should include in his portfolio a selected list of casualty stocks. Also, we feel that in his selection of fire stocks he should give serious consideration to those fire companies with strong casualty affiliates.—*F. L. Putnam, F. L. Putnam & Company*

Denver, Colo.

We find investment demand and inquiry at a new low, due, no doubt, to war bond purchases by clients, prospective tax increases and lack of new issues. Some few flash offerings have gone fairly well on small allotments. Subject only to better war news, we expect this condition to continue indefinitely.—*Chas. W. Webb, Walter-Webb & Company*

The public in our territory are buying Government Bonds. Because of a limited number of new issues locally and nationally, there are few offerings to make. However, the over-the-counter securities here have held their price well and liquidation is of a minor character. Yields are excellent even after the estimating the new tax bill. Tax-free Municipals are scarce.

It appears that the bond man will have to trade in the "bid and asked" market for the duration.—*Gerald Peters, Peters, Writer & Christensen, Inc.*

Our clients are investing liberally in Government War Bonds. Municipals are very scarce and we expect very little if any new financing for the "duration" with very little refunding in prospect. Municipals offer too low a yield for the average individual investor and we find our clients looking towards stocks with long dividend records and proven management, for a more liberal return. —*Ernest E. Stone, Donald F. Brown & Company, Inc.*

Omaha, Neb.

No intelligent dealer can boast that business is good, and undoubtedly it is worse with some than with others. Some dealers have been so adversely affected, or fear they are going to be, that they are seriously talking about the end of the financial world.

A good cure for apprehension about the future is to spend a Saturday afternoon or two reading old files of the "Commercial & Financial Chronicle." An excellent place to start is about mid-1912 when Woodrow Wilson was campaigning for the Presidency. The "Chronicle" then as now accurately portrayed the sentiment of the financial world. If the reader in scanning the old files will occasionally reflect on all that has happened since those "parlous times" he can hardly help concluding that the future will take care of itself if he will just keep plugging away at the job today and tomorrow.—*Plummer P. Purdham, Burns, Potter & Company*

Louisville, Ky.

We are experiencing quite a demand for Kentucky Municipals, but the supply is limited.

We are also having a nice demand for local securities, such as—Belknap Hdwe. & Mfg. Company Common Stock, Commonwealth Life Insurance Company Stock and Louisville Gas & Electric Company 5% Preferred Stock.

We have also had quite a bit of activity in Railroad bonds that are in the process of reorganization, and have found people taking more and more to these.—*C. A. Lucas, Stein Bros. & Boyce*

St. Louis, Mo.

We are only qualified to comment on St. Louis, Kansas City and Southwest real estate securities and accordingly we can state that we have found an increasing demand for this type of securities by our retail clientele. Consequently our interest has remained on the bid side. — *Leonard Vogel, Glaser, Vogel & Co.*

St. Louis and our territory never was more prosperous! All buyers want income. Good securities are scarce. We look for a good market this fall and winter.—*Edward D. Jones, Edward D. Jones & Co.*

St. Louis Dealers are actively engaged in the sale of United States War Savings Bond and Tax Notes. There has been a splendid response in this area to the Government offerings.

The municipal market has been quiet with a reasonably constant demand for local and mid-western names of one to ten-year maturities from banks and individuals. Insurance companies have been more or less on the sidelines as far as municipal bond purchases are concerned.—*James F. Quigg, Mississippi Valley Trust Company*

Rails Attractive

The current situation in five defaulted railroad bonds offers attractive possibilities for potential income and profit, according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of the circular are available from the firm upon request.

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Hayden Golf Tourney Cancelled Due To War

Because of war time conditions, the Charles Hayden Trophy tournament which has been played for 19 successive years will not be held this year, according to an announcement by Nevil Ford, Chairman of the tournament committee. The tournament, which annually brought together some of Wall Street's best golfers representing about 40 investment firms, was established by the late Charles Hayden in 1922. Since his death it has been continued as a memorial to him. The First Boston Corporation, last year's winner, will continue in possession of the trophy until the tournament is resumed.

Robt. Bourne Joins Merrill Lynch Firm

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Robert K. Bourne has become associated with Merrill Lynch, Pierce, Fenner & Beane, 221 Montgomery St. Mr. Bourne was for many years connected with Hannaford & Talbot as manager of the bond trading department. In the past he served in the same capacity with James G. Flaherty & Co.

"News & Views"

In the current issue of "News & Views," Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, sees a definitely bullish outlook for the sale of securities under present conditions. Copies of this interesting bulletin, which also contains a discussion of some insurance issues which the firm feels appear particularly attractive, may be had from Butler-Huff & Co. upon request.

An interesting discussion of the tax position of the insurance industry has been prepared for distribution by Butler-Huff & Co., from whom copies may also be had upon request.

Halsey, Stuart Group Offers District Bonds

The Boston Metropolitan District, formed in 1929 to facilitate transit financing and planning in Boston and 13 adjacent communities, obtained close to a record low rate yesterday on a bond issue of $8,286,000, the sale attracting bids from three syndicates embracing many of the important firms and banks specializing in municipal financing. It was the largest purely municipal issue to reach the market in over two months.

Halsey, Stuart & Co., Inc., and 21 associates were the successful bidders, naming a price of 100.40 for 1¾s, 97.50 for 1½s or 93.28 for 1¼s. The award was made at the 1¼% rate and reoffering was started immediately at prices to yield 0.50 to 1.70% for Oct. 15, 1943 to 1967, maturities.

The Chase National Bank and associates bid 98.929 for 1¾s or 95.079 for 1½s. The First National Bank of New York bid 98.35 for 1¾s, or 94.54 for 1½s.

Associated with Halsey, Stuart & Co. are Lehman Brothers, Blair & Co., Inc., Phelps, Fenn & Co., Dick & Merle-Smith, B. J. Van Ingen & Co., Bacon, Stevenson & Co., Coffin & Burr, Kean, Taylor & Co., Hornblower & Weeks, Geo. B. Gibbons & Co., Otis & Co., Inc., Tucker, Anthony & Co., Arthur Perry & Co., Schoellkopf, Hutton & Pomeroy, Inc., Newburger, Loeb & Co., Alfred O'Gara & Co., Edw. Lowber Stokes & Co., H. C. Wainwright & Co., Wm. R. Compton & Co., Mullaney, Ross & Co. and David F. Rice & Co.

The proceeds of this issue will be used by the district authorities to redeem a like amount of Boston Elevated Railway Company 5% bonds maturing December 1, 1942.

Spiegel & Peiffer To Be NYSE Members

Spiegel & Peiffer, commodity brokerage firm, with offices at 2 Broadway, New York City, will become members of the New York Stock Exchange as of Oct. 1, when P. Peiffer, partner in the firm, acquires the Exchange membership of Frank H. Davis. L. P. Spiegel is the other member of the firm.

C. W. Orndorff With Hornblower & Weeks

(Special to The Financial Chronicle)

DETROIT, MICH.—Carl W. Orndorff has become associated with Hornblower & Weeks, Penobscot Building. Mr. Orndorff was formerly local manager for Otis & Co., and prior thereto was with Alison & Co., and was in charge of the Detroit office of Sills, Troxell & Minton.

Good Dealer Situation

Fairman & Co., 650 South Spring Street, Los Angeles, Calif., members of the Los Angeles Stock Exchange, have just issued an attractive sixteen-page booklet describing the issues of some companies which are especially active in shipbuilding and airplane manufacturing for the war effort. Copies of the booklet, entitled, "Ships and Planes for Uncle Sam," which will prove of real interest to dealers, may be had from the firm upon request.

I. Meisel To Be Partner

Irving Meisel will become a partner in Benjamin, Hill & Co., 1 Wall Street, New York City, members of the New York Stock Exchange on Oct. 1. Mr. Meisel, who has been office manager of the firm for some years, will act as alternate on the floor of the Exchange for Barets O. Benjamin.

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NSTA Committee To Study SEC Proposal

At the meeting of the Officers and National Committeemen of the National Security Traders Association in Chicago, after a complete discussion of the aspects of the bid and asked disclosure rule proposed by the Securities and Exchange Commission (Rule X 15-C1-10), a committee was appointed by the association to confer with other organizations in the securities industry and to go to Philadelphia for conferences with the Commission regarding the rule.

Members of the Committee are: B. Winthrop Pizzini, B. W. Pizzini & Co., New York City, Chairman; Joseph W. Sener, Mackubin, Legg & Co., Baltimore, Md., and Wm. Perry Brown, Newman, Brown & Co., New Orleans, La.

The NSTA voted to make available to this committee the entire funds of the Treasury of the association to cover any expenses incurred in carrying out their work.

Utility Attractive

The $6 cumulative first preferred stock of Mississippi Power and Light Co. offers attractive possibilities at the present time according to a brief discussion of the issue contained in "The Preferred Stock Guide" for September 1942 just issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of the "Guide," which also contains current quotations on unlisted public utility stocks, may be had from the firm upon request.

Dealer-Investor Interest

According to a detailed analysis of the common stock of Foundation Company, issued by Luckhurst & Co., Inc., 60 Broad St., New York City, this stock offers to dealers and investors particularly interesting possibilities with the prospects pointing to tremendous post-war profits. Copies of the analysis may be had from Luckhurst & Co., Inc., upon request.

STANY Appoints New Nominating Committee

The Security Traders Association of New York announces the appointment of a nominating committee to select candidates for the election of officers, directors, committeemen and gratuity fund trustees for the year 1943.

Members of the committee are: John McLaughlin, White, Weld & Co., Chairman; Tom Evans, Lee Higginson Corporation; William Kumm, Dunne & Co.; Al Marsland, Wood, Gundy & Co., and Gus Schlosser, Unioin Securities Corporation.

The Traders Bowling League will start officially on Thursday, Oct. 1, at the Bowlmore Alleys, 110 University Place. All those interested in bowling should contact William Conary at B. W. Pizzini & Co. at the earliest moment possible.

STANY is urging all its members to cooperate to the fullest extent with the committee of the National Security Traders Association, which is studying the proposed SEC bid an dasked price disclosure rule.

Curb Members Adopt New Nominating Rule

Members of the New York Curb Exchange voted 228 to 1 in favor of an amendment to the constitution which permits an associate member to nominate a partner of his firm for regular membership in the Exchange, the Exchange announced on Sept. 18. The announcement of the Exchange says:

"The feature of the new provision is that such a nominee would have to pay a nominal charge of only $100 instead of the $1,000 initiation fee required.

"In June of this year an amendment was adopted permitting an associate member to transfer to regular membership without paying a transfer or initiation fee, if, at the time of his election he paid a fee of $1,000 or more. Prior to the adoption of that amendment such transfer fee was $500 if the membership cost $2,500 or more, and a proportionately higher initiation fee was required if such associate membership cost less than $2,500."

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We are pleased to announce that
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In The Armed Forces

Ernst Englander, partner in Hirsch, Lilienthal & Co., 25 Broad Street, New York City, has received a commission as First Lieutenant in the intelligence division of the Air Force.

John Hamel, Amott, Baker & Co., Inc., 150 Broadway, New York City, has been commissioned a First Lieutenant in the amphibian engineers corps.

Arthur Porter, Dick & Merle-Smith, 30 Pine Street, New York City, has joined the artillery division of the U. S. Army.

George S. Sobel, proprietor of Sobel & Company, 52 Broadway, New York City, has been appointed a captain in the Adjutant General's office and will report to the Adjutant General School at Ft. Washington, Md. on Oct. 1.

Wright With Bankamerica

(Special to The Financial Chronicle)

SAN JOSE, CALIF.—Albert R. Wright, formerly a partner in H. H. Buchanan & Co., has become associated with Bankamerica Co., Bank of America Building.

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REAL ESTATE SECURITIES

Insurance Companies' Investment

Occupancy Upswing of Downtown Real Estate

The recent report of Holgar J. Johnson, President of the Institute of Life Insurance, which showed purchases for the eight months of life insurance companies is interesting in that it shows the possible degree of confidence placed in various types of securities. Naturally, purchases of Government securities were the heaviest, with purchases of mortgages second and being the only other type of security where purchases showed an increase over the corresponding 1941 period. The following table is interesting:

Type of Security	Purchases 1942	Purchases 1941
Government	$2,023,000,000	$588,000,000
R. E. Mortgages	541,000,000	538,000,000
Public Utility	344,000,000	676,000,000
Railroad	99,000,000	195,000,000
State & Munic.	33,000,000	139,000,000

A survey of the financial district prepared by Schlang Bros. & Co. in 1941 contains some interesting facts about downtown real estate. This prominent firm of renting and managing agents considered the financial district for the purposes of the survey, the area from Cortlandt Street south to the Battery, including the 130 major buildings, eight or more stories in height.

The survey showed the district 84% rented, more than 20,000,000 square feet occupied, about 20% of the rented space occupied by banks, about 40% by industrial, utility, shipping firms, etc., some of them being Bethlehem Steel, International Nickel, U. S. Steel, Anaconda Copper, Phelps Dodge, International Tel. & Tel., American Water Works, Commonwealth & Southern, Columbia Gas & Electric, Associated Gas and Electric, and Allied Chemical, about 15% by lawyers, and only about 15% by the securities and stock brokerage business. At that time, about 500,000 square feet of space was occupied by Government agencies in buildings other than Federal buildings. Due to the war, of course, these agencies now occupy more than three times this amount of space, absorbing space in many properties, not the choice space but lower floors and lower priced. This has had the effect of increasing occupancy of many properties well in excess of 90% and has created revenues from space ordinarily not easy to rent. Also, due to war conditions, it has been necessary for many large industrial organizations to expand and absorb more space.

The natural question is, what will happen to the district at the end of the war. How much of the approximate 2,000,000 square feet occupied by Government agencies will be retained. If given up, it will, no doubt, be gradual. On the other hand, is it not possible that expansion after the war in the many industries which will return to normal production of their products, together with the natural following increase in exports and shipping create a demand for space far in excess of that made available through cancellation of Government leases. It is quite possible that the area, so called, but wrongfully based on space occupied, "the financial district" may be in for better times than it has enjoyed for many years.

Many of these downtown properties have real estate first mortgage bonds outstanding selling in the present market at considerable discounts, which even taken in relation to present real estate equity values, are underpriced, considering current yields and the future possibilities of the property.

Some properties that have shown increased occupancy through leases to Government agencies and through expansion of present tenants are:

	Approx. Present Occupancy
Broadway Barclay Bldg.	80%
80 Broad Street	85%
165 Broadway	90% +
40 Wall Street	82%
120 Broadway (Equitable Bldg.)	90% +
42 Broadway	90%
Wall and Beaver	84%

Current yields run as high as 15%.

New Cgo. Exch. Member

CHICAGO, ILL.—Marshall Forrest, Executive Vice-President of Ames, Emerich & Co., Inc., Chicago was elected to membership in The Chicago Stock Exchange by the Executive Committee, it is announced. Mr. Forrest has been associated with Ames, Emerich & Co. since it was organized in 1911, and his company is the fourth member corporation dealing in securities with the public to be admitted to membership in the Exchange.

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SEC Reaffirms Expulsion

The order for the expulsion of Charles C. Wright, New York City broker, as a member of the New York Stock and Curb Exchanges, Philadelphia and Chicago Stock Exchanges, and the Chicago Board of Trade, has been reaffirmed by the Securities and Exchange Commission, the order to be effective Oct. 15. Mr. Wright had been ordered expelled four years ago from the exchanges on charges of manipulation of the market in an airplane stock in 1935.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

DENVER, COLO. — **George W. Casey** has become associated with **Amos C. Sudler & Company,** First National Bank Building. Mr. Casey has been in the insurance business in Leadville since 1890.

(Special to The Financial Chronicle)

DETROIT, MICH. — **Russell A. Kuhnlein** is now with **Smith, Hague & Co.,** Penobscot Building. Mr. Kuhnlein was previously with A. M. Kidder & Co. and prior thereto was with Sutro Bros. & Co.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Calvin K. Glover, Clinton T. King, Stuart G. Segar,** and **William P. Spear** have joined the staff of **Kennedy-Peterson, Inc.,** 75 Pearl Street. All were formerly with Turner, Sachs & Co.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—**Myran J. Crane** has become affiliated with **Straus Securities Co.,** Circle Tower. Mr. Crane in the past was with Fred A. Meyer and was an officer of C. O. Robinson & Co.

(Special to The Financial Chronicle)

LANSING, MICH.—**Edwin Hayden** is now with the **First Cleveland Corporation,** whose main office is in the National City Bank Building, Cleveland, Ohio. Mr. Hayden was formerly with Merrill Lynch, Pierce, Fenner & Beane, W. E. Hutton & Co., and Otis & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Walter E. Plettner,** previously with Bankamerica Company, has been added to the staff of **Blyth & Co., Inc.,** 215 West Sixth Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**James A. Trane** has become associated with **Fairman & Co.,** 650 South Spring Street. Mr. Trane was formerly with Fox, Castera and Co., Barbour, Smith & Co., and R. C. Wade & Co., Inc. In the past he was an officer of Squires & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Thomas F. Phair** has become connected with **Wyeth & Co.,** 647 South Spring Street. Mr. Phair was heretofore with Blyth & Co., Inc.

(Special to The Financial Chronicle)

OAKLAND, CALIF. — **Carl E. Oliver** has become associated with **Davies & Co.,** 1404 Franklin Street. Mr. Oliver was previously with Frank Knowlton & Co., E. F. Hutton & Co., and Wm. Cavalier & Co.

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Raymond F. Hooper,** formerly with Bond & Goodwin, Inc., has joined the staff of **Townsend, Dabney & Tyson,** Fidelity Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**John Baker DeVault** has become affiliated with **Edward D. Jones & Co.,** 705 Olive Street. Mr. DeVault was previously with Alexander & Co., and prior thereto for a number of years with John J. Seerley & Co.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**Lawrence R. Leeby** is now with **Cohu & Torrey,** Walgreen Building.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**Frank A. Van Deren** has joined the staff of **The Ranson-Davidson Company, Inc.,** Florida National Bank Building.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF. — **Irving Passarino** has become associated with **Wesley Hall & Co.,** First National Building. Mr. Passarino was formerly with Wheaton and Roberts and prior thereto was local manager for Fox, Castera and Co. and H. R. Baker & Co.

SAN FRANCISCO, CALIF.—**Jacob Green Isenhour** has been added to the staff of **Bankamerica Company,** 300 Montgomery Street.

(Special to The Financial Chronicle)

SAN JOSE, CALIF. — **John F. Scofield** has rejoined **H. Irving Lee & Co.,** First National Bank Building. Mr. Scofield has recently been with the Bankamerica Company.

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Transit Co. Interesting

Securities of the Third Avenue Transit Corporation appear particularly attractive at this time according to a detailed memorandum issued by Arthur Wiesenberger & Co., 56 Beaver Street, New York City, members of the New York Stock Exchange. In this memorandum, which supplements a previous study of the Third Avenue Transit Corporation, current operating results are included. "Traction securities," Arthur Wiesenberger & Co. states, "have been in the proverbial 'dog house' for the past 20 years and the investing public has been slow to realize that new conditions are creating earnings which are now bringing traction bonds into favor just as railroad bonds have come into new and profitable popularity during the past two years." Copies of the memorandum may be had from the firm upon request.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Sept. 21 that the tenders for $400,000,000, or thereabouts, of 91-day Treasury bills to be dated Sept. 23 and to mature Dec. 23, which were offered on Sept. 18, were opened on Sept. 21 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for—$795,564,000.
Total accepted—$400,037,000.
Range of accepted bids: (excepting one tender of $20,000).
High—99.925, equivalent rate of discount approximately 0.297 per cent a year.
Low—99.905, equivalent rate of discount approximately 0.376 per cent a year.
Average price—99.906, equivalent rate of discount approximately 0.370 per cent a year.
(19% of the amount bid for at the low price was accepted.)

Tomorrow's Markets Walter Whyte Says——

Rail advance in last phase. Look for industrials to take over. Present action shows improvement. All "stops" still apply.

By *WALTER WHYTE*

Up to the time this went to press the stock market acted better than in any period since the early July rise. Yet, despite its good action its behavior is negative rather than positive; by itself not a bad sign.

* * *

According to all yardsticks and barometers, news, as well as technical, the market showed down from the day it first reached the 108-110 level back in the week of July 11. It seemed like only a question of time when the bearish indications would be justified.

* * *

As the days dragged on the price level did recede. From a high of 108.91 (DJ.) on July 16 it went down to about 105 on Aug. 8. It then rallied back to about 108 on August 16, with prices remaining in the upper zone for more than two weeks, giving signs of penetrating the upper level. Apparently the "signs" were merely hopes expressed in market terms, for instead of going through prices again turned down.

* * *

On August 24 the averages had receded to about 106. Again the market was in a critical zone, but this time on the downside. If a serious reaction was to be avoided the 105-106 level must hold. It did hold. But instead of prices moving away from their lows they just drifted sideways for the next two weeks. In this aimless drift enough stocks managed to sort of ease their way up to bring the averages gradually back to the upper resistance area.

* * *

After making a high on about Sept. 5, the influence of overhanging stock in the 108-110 level again came into play. The market sold off. This time the sell-off managed to keep slightly above the previous lows, but got down into the 105-106 levels.

* * *

On Sept. 12, it began to repeat its performance of the previous swing: a side drift with gradual advances. From Sept. 12 until last night, Sept. 23, it recaptured about 2 points, once again poking its head against the 108-110 levels.

* * *

The strange thing about this performance is the fact it all happened during a period of news headlines, which, to say the least, were far from assuring. A Congressional lassitude towards anything but its own re-election a muddled tax program; deliberate delay on inflation check measures. And to add to all this the dreary news of the Nazi successes before Stalingrad and in the Caucasus. A decline of some severity in the face of such news would have been considered normal. Yet all the market actually did was to go up to a previous resistance point and give us all lovely dreams of at-last-it-is-here type, and back down to a base and scare us half to death with the fear the base wouldn't hold. This pendulum swing from wild eyed optimism to glum faced pessimism has gradually narrowed.

* * *

Today we have both pessimists and optimists arguing their points. What these points are is no concern of mine. I'm primarily concerned with the action of the market, more specifically its future than its past. Yet certain things cannot be overlooked. For if the market acts confused it does so only because it reflects the confusion of people in high places.

* * *

No industry, for example, can know from day to day what to expect in the way of taxes. So many plans have been suggested and discarded that business is completely at sea today.

* * *

In the matter of inflation controls the same confusion exists. Congress, according to executive dictum, has until Oct. 1 to come up with a workable plan. I needn't tell you how far Congress has moved. To top it off our talk of a second front remains just that—talk. Small wonder the

(Continued on page 1087)

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

With the recent vastly increased speculative interest in reorganization rail bonds and the sharp recovery in prices, many rail bond men have begun to recommend a more cautious attitude on the theory that many of these issues have approached, if not passed, what might be considered as reasonable tops on the basis of proposed reorganization treatment. In particular, the Chicago, Rock Island & Pacific General 4s, 1988, are considered as falling in this category at present prices only fractionally below 30. Under the reorganization plan now before the District Court, these bonds are allocated only $83.51 in new 1st mortgage 4s, $454.14 in income 4½s, $445.98 in 5% preferred stock and 3.36 shares of common.

On the basis of past experience, and considering that income has been accruing on the new securities for less than a year (the proposed effective date of the plan is Jan. 1, 1942), the most optimistic estimate of the possible prices for these new securities, at least in the early stages of when-issued trading, have been around 80 for the 1st 4s, 40 for the income 4½s, 20 for the preferred and 5 for the common. On these projected prices for the new securities, the old General 4s would have an indicated value of a little less than 35½. However, they would obviously not sell at a parity with the new securities until the reorganization was consummated, and would not sell near to a parity until the reorganization had progressed well beyond the stage of mere approval by the District Court.

In initial when-issued trading it would be reasonable to expect an arbitrage spread of at least 20% with the possibility that it might be as high as 30%, as it has been in other reorganizations in the past. Figuring such arbitrage profits, and based on the above projected prices for the new securities, the Generals might logically sell between 27¼ and 29½ when trading started in the new securities. Even this will not be for some time yet as the District Court will not even act on the plan at least until a Supreme Court ruling has been made on one or the other of the reorganizations now on appeal. Supreme Court rulings are not expected until early fall at the earliest. It is being pointed out that considerable market risk exists in prices so close to ultimate reorganization values when consummation of the reorganization is not even in sight.

It is true that the road is earning at a rate that would make present prices look ridiculously low; old fixed charges will be earned more than two times this year. The road is also accumulating cash at a rapid rate with nothing to do with the excess funds under present conditions. The one trouble is that there appears to be no way that bond holders can participate directly in this new prosperity to any appreciable extent. It is generally believed that the cash may not be used to pay off interest matured prior to the effective date of the plan (Jan. 1, 1942) without nullifying the plan. Payment of such interest would effectively reduce the amount of each claim and thereby distort the allocation of new securities as provided in the plan.

If the Court holds to this theory, it appears that the only interest disbursement that could be expected by holders of the Rock Island General 4s would be that represented by earnings on the new securities from the effective date of the plan. Similar policies have been followed in the North Western and St. Paul cases. Through 1942, interest accruals on bonds allocated to the old General 4s will amount to only $23.77 per bond. Of this amount, only the fixed portion, $3.34 per bond, would be due and payable by Jan. 1, 1943. The balance, $20.43, represents income bond interest which would not be due until April 1.

Considered in the light of actualities of reorganization procedure and reorganization status of the bonds themselves, the only speculative appeal in the Rock Island bonds would appear to lie in the possibility of rejection of the plan by the District Court. If the plan was sent back to the Commission for revision, which will probably be determined by the Supreme Court's attitude in the St. Paul case, the bondholders would then presumably be in a position to petition for, and receive, substantial cash payments on account of back interest. Moreover, cash could be utilized to pay off prior claims, thus releasing additional new fixed interest bonds for allocation to the General Mortgage and other bonds. Substantial cash payments and a greater proportion of new fixed interest bonds in a revised reorganization would obviously be calculated to give the bonds a wide speculative move. Nevertheless, the expectation of such a move would have to be predicated mainly on the theory that the Supreme Court will uphold the Circuit Court in remanding the St. Paul reorganization to the ICC. This is contrary to the expectation of most close followers of railroad reorganizations.

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Ins. Stocks Look Good

The current situation in Continental Casualty Co., Fidelity and Deposit Co., Fidelity & Guaranty Fire Corp., Fidelity-Phenix Fire Insurance Co., Fireman's Fund Indemnity Co., New Amsterdam Casualty Co., and Security Insurance Company, offer particularly attractive possibilities at the present time according to memoranda just issued by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of these memoranda may be had upon request by writing to Mackubin, Legg & Co.'s Bank and Insurance Stocks Department.

Weller With O'Melveny

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Stevens Weller and Charles J. Goold have become associated with O'Melveny-Wagenseller & Durst, 626 South Spring Street, members of the Los Angeles Stock Exchange. Both were formerly with Howard G. Rath Company, of which Mr. Weller was manager of the bond department.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—42⅞; low—14¾; Sept. 23 price—42⅝.

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(L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

This Week — Bank Stocks

The war has wrought many changes in the modus vivendi of American banking. One of the most important and remarkable of these is the improved relationship between the banks of the country and the Administration at Washington. For the better part of a decade, bankers have been made to feel very unnecessary and very uncomfortable. Their unenviable position in a specially constructed "dog-house" of political manufacture had all the ear-marks of becoming permanent.

Considerably chastened and considerably more circumspect, the banking industry is now prepared—both psychologically and mechanically — to play a prominent part in the war effort. No longer does it "sulk in its tents" or endeavor to resist the evolution which, all along, has been more or less inevitable. Most of the so-called Old Guard have either been retired or have become resigned to the new order of life which, for better or worse, is now their heritage.

In any event, the olive branch is now waved cordially and emphatically on all sides—and it is hoped that the old antagonisms will be permitted to pass, unwept and unsung into the oblivion which they so richly deserve. Thus we shall simply be following the advice contained in what is, perhaps, the greatest wisecrack of all times, to wit, that we had better hang together or most assuredly we shall hang separately. Symbolic of the new sense of mutual responsibility and cooperation being manifest is the program of financing now being worked out by the Government and the banks to assure all war producers of adequate credit for factory construction or full scale operation.

A number of Executive orders and Enabling Acts were placed in effect as early as 1940 to help needy manufacturers, who would normally be ineligible for ordinary banking credit, but the broadest measure so far promulgated is that known as "Regulation V" of the Federal Reserve Board, dated April 6, 1942.

Some of the principal provisions set forth in Regulation V are as follows:

1. Any borrower engaged in or about to engage in work necessary for the prosecution of the war is eligible for a V loan;

2. Loans are guaranteed by the actual Service (Army, Navy, Maritime Commission, etc.) authorizing or contracting for the work. A fee is paid by the loaning bank or banks to the Service arm involved and ranges from 10% to 40% of the interest collected, according to the degree of responsibility accepted;

3. The Government will repurchase unconditionally within 10 days after demand the guaranteed portion of any loan. Such demand can be made at any time prior to maturity and, in any event, not later than the 60th day after maturity;

4. In case of cancellation, the banks are further protected by a step ladder clause which reduces the unguaranteed portion of a loan in the same proportion as the percentage cancelled bears to the total of unfilled orders. If all orders are cancelled, as might occur on termination of the war, the guarantee would automatically become 100%.

The usefulness and significance of Regulation V is thus summarized by Mr. Mark A. Brown of the Harris Trust & Savings Bank, Chicago, in an address to the recent ABA convention: "It should be clear that Regulation V is good for the bank and good for the borrower, meanwhile performing its vital and patriotic function of speeding war production. It is a good guarantee and under it no contractor producing something which the services need will be left unfinanced. It should do much in helping many small concerns weather the transition from civilian to war production. Last December only 10,000 of our 184,000 industrial establishments were participating in defense production. Regulation V has vanquished the bugaboo of losses for contractor and banker alike, through cancellation of war orders. Its outstanding benefits might be summed up as follows:

"1. The borrower deals with his own bank of account just as he has always done in peacetime;

"2. Protection against losses through cancellation of contract is sufficiently broad as to eliminate any hesitation on the part of either borrower or lender proceeding, with all due dispatch, to work out any needed financing."

Originally, it was felt that Regulation V was primarily designed to take care of the country's smaller or weaker manufacturing concerns but it soon became evident that many of the largest units would also find it useful. Some of the leading automobile, aviation and shipbuilding manufacturers have already arranged so-called revolving credits with their banks and ultimately most of these may be replaced with Regulation V loans. Also, under Regulation V, the credit available to these large producers will be greatly expanded. According to present indications, most loans of this type will carry an interest rate of about 2½% on the amount actually used plus a certain allowance to the banks, covering unused credits, to reimburse them for their expense in connection therewith.

It is evident, therefore, that the banking industry will now be in a position to employ the greater proportion of its available earnings assets at a gross rate of pretty close to 2½%, if it so wishes, either through Regulation V loans or through the holding of Government bonds. Borrowing for war purposes has already been expanding rapidly as indicated by the report of the National War Loans Committee of the ABA. From April 1, 1941, to June 30, 1942, approximately $6,000,000,000 in war loans were made and the amount outstanding by quarters since the end of 1940 are as follows:

Dec. 31, 1940	$248,191,668
Mar. 31, 1941	429,050,262
June 30, 1941	682,323,755
Sept. 30, 1941	873,389,314
Dec. 31, 1941	1,079,884,680
Mar. 31, 1942	1,559,327,173
June 30, 1942	2,056,919,762

Obviously, the above figures are only a faint beginning of what promises to be the greatest credit expansion in history. V loans alone may ultimately run to 10, 15 or 20 billion dollars if the war is greatly prolonged. Added to the volume of Government bonds which the banking system will be expected to carry, this means an undreamed of expansion in the earnings assets of the banks. Thus the banking industry comes into its own again and it is only regrettable that it needed the war to do it. However, if the war can bring home to all of our conflicting elements their complete interdependence and mutuality of interest then, perhaps, the war will not be fought in vain.

INSURED SHARES **4%** CURRENT DIVIDENDS

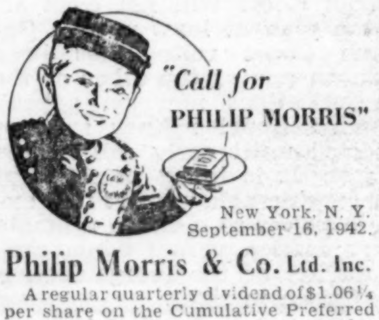
Up to $5,000 Insured by an agency of the U. S. Government.

Save regularly—Earn semi-annual dividends. Ideal for Trust funds.

United Building & Loan Assn.

519 GARRISON AVENUE * FORT SMITH, ARKANSAS

DIVIDEND NOTICES



New York, N. Y.
September 16, 1942.

Philip Morris & Co. Ltd. Inc.

A regular quarterly dividend of $1.06¼ per share on the Cumulative Preferred Stock, 4¼% Series, and a regular quarterly dividend of $1.12½ per share on the Cumulative Preferred Stock, 4½% Series, have been declared payable November 1, 1942 to holders of Preferred Stock of the respective series of record at the close of business on October 15, 1942.

There also has been declared a regular quarterly dividend of 75c per share on the Common Stock, payable October 15, 1942 to holders of Common Stock of record at the close of business on September 28, 1942.

L. G. HANSON, Treasurer.

SOUTHERN RAILWAY COMPANY

New York, September 22, 1942.

A dividend of One Dollar and Twenty-five cents per share ($1.25) on the preferred stock of Southern Railway Company has today been declared, payable November 2, 1942, to stockholders of record at the close of business October 15, 1942.

Cheques in payment of this dividend will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY, *Secretary.*

Royal Bank of Scotland

Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh

Branches throughout Scotland

LONDON OFFICES:

3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES

(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000

Aggregate Assets 30th Sept., 1941 £150,939,354

SIR ALFRED DAVIDSON, K.B.E., General Manager

Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1

Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT

Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL	£3,000,000
RESERVE FUND	£3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.

Branches in all the principal Towns in
EGYPT and the SUDAN

INDIANA PIPE LINE COMPANY
26 Broadway, New York

September 19, 1942.

A dividend of Thirty (30) Cents per share has been declared on the Capital Stock ($7.50 par value) of this Company, payable November 14, 1942 to stockholders of record at the close of business October 23, 1942.

J. R. FAST, *Secretary.*

DIVIDEND NOTICES

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

NOTICE OF DIVIDENDS TO HOLDERS OF ORDINARY AND PREFERENCE STOCK WARRANTS TO BEARER

A third interim dividend on the Ordinary Stock for the year ending 30th September, 1942, of tenpence for each £1 of Ordinary Stock, free of United Kingdom Income Tax, will be payable on 30th September, 1942.

Holders of Bearer Stock to obtain this dividend must deposit Coupon No. 190 with the Guaranty Trust Company of New York, 11, Birchin Lane, London, E. C., for examination five clear business days (excluding Saturday) before payment is made.

Holders of Stock Warrants to Bearer who have not exchanged Talon No. 3 for Talon No. 4 but have deposited Talon No. 3 with the Guaranty Trust Company of New York in New York, in accordance with the arrangement which has been announced in the Press, are notified that Coupon No. 190 will be detached from the corresponding Talon No. 4 and cancelled by the Company in London as and when the dividend to which they are entitled is paid.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 30th September, 1942.

Coupon No. 78 must be deposited with the National Provincial Bank, Limited, Savoy Court, Strand, London, W. C., for examination five clear business days (excluding Saturday) before payment is made.

DATED 18th August, 1942.
BY ORDER.
D. M. OPPENHEIM, Secretary.
Rusham House, Egham, Surrey.

AMERICAN MANUFACTURING COMPANY
Noble and West Streets,
Brooklyn, New York

The Board of Directors of the American Manufacturing Company has declared the regular quarterly dividend of $1.25 per share on the Preferred Stock and a dividend of 50c per share on the Common Stock of the Company. Both payable October 1, 1942 to Stockholders of record September 18, 1942.

ROBERT B. BROWN, *Treasurer.*

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of One Dollar ($1.00) per share on the Common Capital Stock, both payable on October 15, 1942 to stockholders of record at the close of business October 1, 1942.

GEORGE MIXTER,
September 22, 1942. *Treasurer.*

International Minerals & Chemical Corporation

Formerly

International Agricultural Corporation

Dividends of 50 cents per share on the $5 Par Value Common Stock, and $1 per share on the 4% Cumulative Preferred Stock, payable September 30, 1942, to stockholders of record September 22, 1942, were declared by the Directors on September 9, 1942.

Checks will be mailed to the registered holders of 4% Cumulative Preferred Stock and registered holders of Common Stock, Par Value $5, of International Minerals & Chemical Corporation.

Holders of Internationl Agricultural Corporation stock or of International Minerals & Chemical Corporation 7% Prior Preference Stock, or International Minerals & Chemical Corporation No Par Value Common Stock should send their certificates for exchange to Bankers Trust Company, 16 Wall Street, New York, N. Y., in order that they may receive the dividend to which they are entitled.

ROBERT P. RESCH, Vice-President and Treasurer.

The Securities Salesman's Corner

PEP UP!

"There is no need to make a drudge of yourself. You should be so jumping keen about your work that you couldn't any more help hustling than you could help breathing."—Henry L. Doherty.

This advice was given to his key men by one of the country's greatest organization builders. The advice holds as true today as it did 20 years ago. Most certainly there are even more factors that tend to discourage anyone engaged in the Securities business than we have ever known before.

To enumerate just a few of the things which today hamper our efforts is not difficult. There is the uncertainty of events beyond the power of the best analytical minds to accurately forecast. Politicians have made such a mess of the economic facilities of the country that it is no longer possible to feel that any confidence can be placed in the many governmental decisions which affect the future of practically every business enterprise. In other words, it is no longer possible to dream about a future without having your tongue in your cheek. On the other hand, there are the many so-called reforms that the SEC has promulgated within the past few months that directly threaten the continued operation of the securities business as we have known it.

Sometimes it almost appears that the Nation is dividing itself into two classes of people. One group could probably be designated as the builders and the other group as the barkers. One class is busy building, creating and developing, while the other class manifests itself primarily by barking at the builders. Of the great mass who continually find fault with the established institutions and methods of doing business in this country, there are few that contribute anything of value to the material advancement of the country or the present day war effort.

Knowing all these things, what is there left for any man who still desires to conduct his securities business in the right way? He can either join up with the barkers; throw up his hands and quit, become a New Dealer and get a Government job and live off the taxpayers; thereby adding to the general confusion, or he can stay among the doers and continue his investment business.

One of the first things we would suggest, if any of our reader's belly has begun to fill up to the brim, and he is getting ready to call it a day, is to take a trip and go away from the business for a few weeks. Get away from it completely. A change will help you clear your mind and regain your perspective.

The only other thing that we can suggest that will help rekindle the interest that makes work a pleasure and keep your organization going, is to acquire the viewpoint, that after all you are doing *more* than selling securities. By this, we mean that the securities business is a merchandising operation, the same as any other business. The only difference is, that instead of selling tangibles, you are selling advice. You are ministering to the financial welfare of your fellowmen and this is one of the most important matters that human beings must cope with all throughout their lifetime. Then, for this reason the only thing that any sincere, honest individual who is engaged in our business could possibly do is to put his whole mind and effort into the task of selecting the right securities to the best of his ability. After you select what you wish to sell, then there is the job of finding the market, which is an interesting task if you go about it scientifically. Then, when you have found your market, comes the job of convincing others that they should do business with you. All of this involves planning and effort. The job can be done by any organization that still takes an interest in what it is doing; or as Henry Doherty put it, "Couldn't any more help hustling than they could help breathing."

DIVIDEND NOTICE

National Power & Light Company

$6 PREFERRED STOCK DIVIDEND

The regular quarterly dividend of $1.50 per share on the $6 Preferred Stock of National Power & Light Company has been declared for payment November 2, 1942, to holders of record at the close of business October 15, 1942.

ALEXANDER SIMPSON, Treasurer

REDEMPTION NOTICE

TO HOLDERS OF

Atlantic Coast Line Railroad Company

Ten-Year Collateral Trust 5% Notes, dated May 1, 1935, due May 1, 1945, issued under indenture, dated as of May 1, 1935, between said Company and Guaranty Trust Company of New York, Trustee.

Pursuant to the right reserved under Section 1 of Article Four of that Indenture dated as of May 1, 1935, between Atlantic Coast Line Railroad Company and Guaranty Trust Company of New York, Trustee, notice is hereby given that Atlantic Coast Line Railroad Company has determined to call for redemption on December 15, 1942, all notes issued under said Indenture, which notes are dated May 1, 1935, are due May 1, 1945, bear interest at 5% per annum, and are now outstanding in the aggregate principal amount of $11,317,000.

Accordingly, all of said notes are called for redemption on December 15, 1942, at the principal amount thereof and accrued interest to said date together with a premium of two per cent (2%) on the principal amount thereof. All owners of said notes are requested to present and surrender their notes on said redemption date, (accompanied by ownership certificates covering accrued interest from November 1, 1942, to December 15, 1942—one month and fourteen days—$6.111111 per $1,000 note), at the agency of the Railroad Company, Room 900, 71 Broadway, in the Borough of Manhattan, City and State of New York, in the case of coupon notes with coupons thereto appertaining maturing on and after May 1, 1943, and said notes will be paid at 102% of their principal amount with accrued interest as aforesaid. Accrued interest from November 1, 1942, to such redemption date ($6.111111 per $1,000 note) will also be paid to the holders of registered notes. Registered notes must be accompanied by proper instruments of assignment and transfer in blank.

Interest on said notes will cease to accrue on and after December 15, 1942.

ATLANTIC COAST LINE RAILROAD COMPANY

H. L. Borden, Vice President.

New York, N. Y., September 19, 1942.

MEETING NOTICE

THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY

To the Stockholders of

The Alabama Great Southern Railroad Company:

NOTICE IS HEREBY GIVEN that a Special Meeting of the Stockholders of The Alabama Great Southern Railroad Company has been called by resolution of the Board of Directors and will be held at the principal office of the Company in the City of Birmingham, Alabama, on Friday, October 23, 1942, at 11 o'clock A. M., to consider the creation of a new First Mortgage providing for the issuance of bonds thereunder from time to time limited to a principal amount at any time outstanding of $15,000,000, to be dated as of November 1, 1942, and to constitute a lien upon all the railroad and other physical property, including equipment, leasehold interests, rights, privileges and franchises of the Company, as more fully described in said First Mortgage, and providing the terms and conditions upon which said Bonds shall be issued; of the $15,000,000 principal amount of Bonds so authorized, $9,500,000 principal amount of 25-Year 3¼% Bonds, Series A, to be immediately issued and sold to pay or acquire on or before maturity, December 1, 1943, the Company's First Consolidated Mortgage Bonds now outstanding in the hands of the public in the principal amount of $9,518,000 (any funds necessary to retire the outstanding Bonds not obtained from the sale of these $9,500,000 Series A bonds to be supplied from Treasury cash); the Mortgage will provide for the future issue of bonds of Series A or of other series (up to $15,000,000 less any bonds then outstanding) for the purpose of financing (a) the acquisition of other properties, (b) new construction, or (c) improvements, at not to exceed 60% of the cost thereof, except that in the case of new double track not more than 75% of the cost thereof may be so financed, or (d) the redemption, retirement or acquisition of Bonds theretofore issued under the new Mortgage; to take all such other or further action in respect to the creation of said First Mortgage as may come before the meeting, including approving the form and provisions of said First Mortgage, and approving all action taken by the Board of Directors in the premises; and to transact such other business as may properly come before said Special Meeting or any adjournments thereof.

The Stock Transfer Books will close at 3 o'clock P. M., Friday, October 9, and will be reopened at 10 o'clock A. M. Saturday, October 24, 1942.

By order of the Board of Directors.

C. E. A. McCARTHY, *Secretary.*

Dated September 22, 1942.

Our Reporter's Report

(Continued from first page)

down their holdings of a wide list of railroad obligations in the belief that many roads faced increasingly lean years what with competition growing from all sides.

There has not been, however, any appreciable volume of arbitrary liquidation. On the contrary such interests have sought to trade themselves out as advantageously as possible.

Such operations have contributed no little to the recent substantial volume in secondary and lesser carrier liens. Much of this business has taken the form of "swapping" with the aim of improving the quality of issues held. But whenever the market reaches up to values fixed for disposal of a given issue there is little hesitation about letting go.

Central Maine Again

Judging from discussion in investment market quarters, bankers are going to be more than a little disappointed if the current month passes without the Central Maine Power Company calling for bids on its projected financing.

It is current belief that the company will send out an invitation for bids, to be opened about the middle of next month, on its $14,500,000 of first mortgage thirty-year bonds.

Several groups already have been gathered together to compete for the financing which is an outgrowth of a recapitalization plan undertaken by the company to meet the requirements of the Public Utility Holding Company Act. Serial notes in the amount of $5,000,000, running for one-to-ten years, originally included, were withdrawn for private sale.

Burlington Mills Offer

Inquiry in advance of the actual offering indicated that the 50,000 shares of additional $2.50 cumulative convertible preferred stock of Burlington Mills Corporation would be absorbed readily.

It was expected that bankers handling the financing would open subscription books today. This is the second block of the issue to be marketed, an equal amount having been offered publicly several months ago.

Funds to be derived from the sale at a price of 51¼, were to be used to augment the working capital of the issuer.

Seeking Higher Yields

Those who follow the situation closely report indications that trustees charged with handling some of the large forms of philanthropic funds, such as college endowments, are doing considerable switching in an endeavor to obtain a higher return on funds involved.

Such operations are an outgrowth, in part at least, of the tapering off which has developed in such contributions in consequence of steadily rising tax liabilities of wealthy individuals in recent years.

Selling of this nature has been visible, it is contended, in certain high-grade railroad and utility bonds where the yield has become extremely small. The tendency thus far has been to seek to convert portions of portfolios into high-grade preferred stocks.

Where such bonds appear on the market, however, they have found ready takers among institutions which are feeling the dearth of new offerings.

Interesting Situation

Brown Co. 5s, due 1959, offer interesting possibilities, according to a circular issued by Charles King & Co., 61 Broadway, New York City, from whom copies may be had upon request.

NATIONAL SECURITIES SERIES

Bond Series Low-priced Bond Series Income Series
Preferred Stock Series Low-priced Common Stock Series

FIRST MUTUAL TRUST FUND

COMMODITY CORPORATION - CAPITAL STOCK

Prospectuses upon request

NATIONAL SECURITIES & RESEARCH CORPORATION
120 Broadway, New York : : Russ Bldg., San Francisco

Investment Trusts

TRENDS WITHIN TRENDS

In the field of security price trend forecasting there are many fetishes. Chart patterns, time cycles, even sun spots have their adherents who believe with almost religious fervor that the full solution to the delicate and complex problem of forecasting lies in one of these factors to the exclusion of all other factors!

Since the "averages" are limited in their broad movements to only two directions—up or down—even the most fantastic device for forecasting trends has the mathematical probability of being correct half of the time. Thus, the sponsors of all sorts of "crackpot" indicators are able to point out instances of "remarkable accuracy" in the operation of their particular fetish.

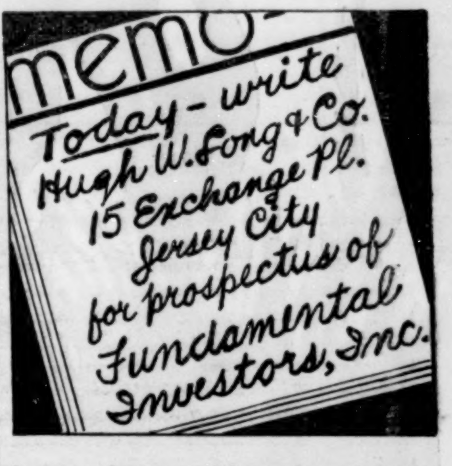
It is just plain common sense that the factors influencing security price trends are legion. Under one set of conditions a particular group of factors may dominate, whereas under a different set of conditions an entirely different group of factors may wield the greatest influence. Obviously, any market forecasting device which is based on some factors but ignores others is fundamentally unsound.

It is the constant endeavor of bona fide investment research organizations to weigh and consider **all** of the pertinent factors involved before forming judgments as to the probable trend of security prices. Frequently the technique of reaching investment decisions is standardized by reducing it to certain basic formulas. These formulas or measurements aid in applying the lessons of experience to current investment problems. They are not to be confused with the particular fetish of some financial "wizard."

The National Securities & Research Corporation under its Directing Economist, Dr. Fred R. Macaulay, has contributed extensive research studies to the development of comprehensive trend indicators. The company's well-known Investment Timing Index is an outgrowth of this work. In contrast to the "one-factor" fetishes which are so common, this Index is made up of eight component series covering (1) Medium-Grade Bonds, (2) Investment Confidence, (3) Industrial Production, (4) Construction Contracts Awarded, (5) Bank Activity, (6) Technical Trend Indicator, (7) High-Grade Bonds, and (8) Stock Yields.

In the Sept. 17 issue of *Investment Timing*, published weekly by National Securities & Research Corp., the present position of the Index and of its eight components is discussed. It is reported that all eight components now indicate a basic, long-term upward trend. The last component to give this signal was that of Stock Yields and the date of the signal was Sept. 16, 1942.

The bulletin also points out that the intermediate trend of stock prices is indicated as being down. This forecast, taken together with the longer-term forecast, anticipates the familiar phenomenon of "a trend within a trend." Should both forecasts prove correct, the market is approaching an ideal "buying spot" for purchasers of investment company shares.


memo

Today - write
Hugh W. Long & Co.
15 Exchange Pl.
Jersey City
for prospectus of
Fundamental
Investors, Inc.

Investment Company Briefs

"Best investment for investor; best deal for dealer," is the ambitious objective of Selected Investments Company, sponsor of Selected American Shares, Inc. Last week this sponsor announced the merger of its retail sales force with the Mid-Western division of E. H. Rollins & Sons, Inc., which latter firm will sell shares of the investment company at retail. Details of further steps with respect to dealer relationships will be announced shortly.

Total number of shares of Selected American Shares currently outstanding are reported to be in excess of the number outstanding as of the end of last year.

* * *

Purchases on balance for Affiliated Fund in the period between July 10 and Sept. 5 of this year amounted to $2,984,288. These purchases brought the "invested position" of the Fund's common stock (leverage) up to 148.9% from 103% as of last May when the program of reinvesting cash assets was begun. The remaining

(Continued on page 1084)

Keystone
Custodian Funds

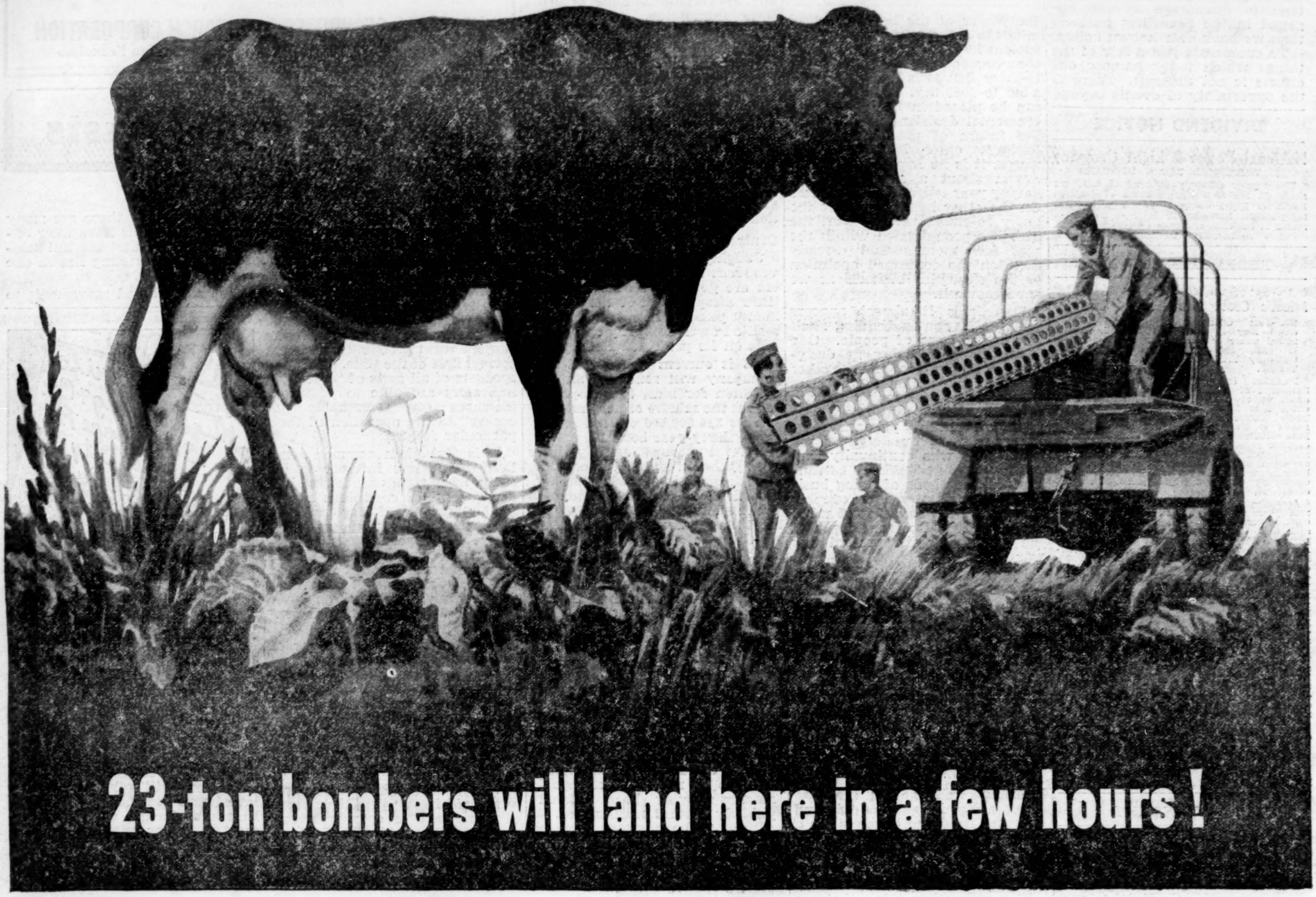
BONDS

Business Men's Investment Bond Fund	B1
Medium Priced Bond Fund	B2
Low Priced Bond Fund	B3
Speculative Bond Fund	B4
PREFERRED STOCKS	
Income Preferred Stock Fund	K1
Appreciation Preferred Stock Fund	K2
COMMON STOCKS	
Quality Common Stock Fund	S1
Income Common Stock Fund	S2
Appreciation Common Stock Fund	S3
Low Priced Common Stock Fund	S4

Prospectus may be obtained from your dealer or from

THE KEYSTONE CORP. OF BOSTON
50 CONGRESS STREET, BOSTON

GET OUT OF THE WAY, BOSSIE...



23-ton bombers will land here in a few hours!

GOSH, a cow can't call a meadow her own these days! A camel has no privacy in the desert! Even a crab on the beach may get chased away by a crew of American soldiers building a full-fledged airfield *overnight*—thanks to a new invention developed by U. S. Steel research.

Now any piece of fairly leveled ground can be an airport, even though it's treacherous sand or boggy pasture.

This new "magic carpet" is a steel landing mat made up of hundreds of lightweight perforated sections that lock tightly together. One company of soldiers can assemble or dismantle it in a few hours. And the portable airfield travels right up to the front, by truck, railroad or barge.

One top Air Force officer called it "the year's greatest achievement in aviation." This invention has been made available to important steel fabricators—so war production will be speeded.

Peacetime research in U. S. Steel's 174 laboratory organizations has made it possible for the nation to get the right steels for rigorous mechanized warfare. New steels that make our destroyers' turbines more powerful. New steels that help bring our bombers safely home. New steels that make our tanks the toughest on earth.

Our enemies will learn to their sorrow that not only America at peace—but America at war—has a backbone of steel.

FACTS WHICH WILL NOT GIVE AID AND COMFORT TO THE ENEMY

Since the war began in Europe, America's annual steel capacity has increased nearly 8,000,000 tons. This increase alone adds more steel than Japan's yearly capacity.

A new way of making bomb shells (developed at a plant of United States Steel and now being adopted by other plants) speeds bomb production many times over.

In May a unit of United States Steel broke a world's record by the multiple launching of four United States destroyers in 50 minutes. In July three more destroyers were launched by the same company in a brief 28 minutes . . . these are in addition to other ships launched singly and in pairs.

USS STEELS

UNITED STATES STEEL

AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY BOYLE MANUFACTURING COMPANY • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA STEEL COMPANY • CYCLONE FENCE DIVISION • FEDERAL SHIPBUILDING & DRY DOCK COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY • SCULLY STEEL PRODUCTS COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY UNIVERSAL ATLAS CEMENT COMPANY • VIRGINIA BRIDGE COMPANY

United States Steel Export Co., Export Distributors

A Yearful Ahead

By HENRY W. KOENEKE

President, American Bankers Association, and President, Security Bank of Ponca City, Ponca City, Oklahoma

The events of the past year have been the most dramatic and far reaching in the history of the American Bankers Association. When this administration of your Association began 11 months ago, we were still a nation at peace, though we lived in a world at war. The nation was hastily arming to defend itself should defense become necessary. The shadow of war hung over the deliberations of our last general meeting, the convention in Chicago, Sept. 28 to Oct. 2. A review of those deliberations would indicate that in our hearts we knew that our turn might come at any moment. In many ways, unofficially and by resolution, we expressed our determination to meet whatever trials should come to us and to deal with them effectively. As the closing expression of that convention we said by resolution:

Henry W. Koeneke

"We are everlastingly grateful for the privilege of living in a democracy which holds fast to the principles of liberty and justice for all. We have unbounded faith in the resources and capacity of this country for meeting to the fullest its obligations in this trying hour. We have enduring confidence in the ability of the American people to preserve at any cost the rights and privileges which they enjoy in this free republic. We pledge our fullest support to effective policies and programs of government to defend and preserve democracy and democratic institutions."

And in the address in which I acknowledged my election to the presidency of your Association, I added:

"These are emergency hours. The government must depend on its citizens and on their respective organizations during such times to render patriotic service whereever needed . . . Therefore, in our plans for the year ahead, we have this fundamental reservation—everything may be changed to enable us to do our part in the nation's defense program. The welfare of the country transcends all else. No sacrifice of time, effort, or money is too great whenever the nation's interests are imperiled. Uncle Sam can depend upon us now as in the past, for this organization is still the **American** Bankers Association."

Two months later the sword fell upon us. We are now at war in all the corners of the earth.

Ordinarily it might be expected that in a message like this one the events of the Association's year would be set forth in detail, showing how far its program was stepped up to a win-the-war pace. But there is no point in doing that herein since those dramatic events are chronicled and pictured elsewhere in this convention in print. I should like, however, to say that the American Bankers Association and the banks themselves have amply fulfilled the promises made in the words quoted. Indeed, they were already performing outstanding service to the preparatory war needs of the nation when these things were said. When the blow fell we were already deeply engaged in the process of helping the nation to arm itself. And because we were so engaged, it can be truly said that at no time in their long history has either the American Bankers Association or the American banking system been so well prepared for the crisis of war when it came.

We can look back with pride upon the manner in which the banks have risen to every occasion. They have performed with marked success every assignment given to them. They have anticipated the needs of the nation at every step, they have initated necessary wartime banking service, they have been ready ahead of time to render whatever assistance has been needed. They represent the change-over from peace service to war service. They also represent the banks at their best—alert, flexible, able to anticipate, and ready to meet everything required in their area of activity. And they represent, too, the effectiveness of the leadership provided by the American Bankers Association and the state bankers associations. This service began not after Pearl Harbor, but in 1940, as soon as the national defense program was initiated, when the nature of the German menace was fully revealed by the attack on Belgium and Holland, the defeat of France and the rescue at Dunkirk.

The list is impressive. It includes the identification and freezing of the funds of enemy aliens, the organization and promotion of lending for the execution of war goods orders and the expansion of manufacturing facilities, financing of war housing, handling of payrolls of war production plants, assistance to government programs for delivery of next winter's coal supply, important assistance to the government in developing control of consumer credit as an anti-inflation measure, the sale of war savings bonds (the success of which has been due almost entirely to the service of banks, which have sold 85% of all the bonds sold), and, of course, the continued purchase of government bonds for their own account. And above all other things, the banking fraternity has contributed its full share of men to the armed forces. There are other services in the offing which banks may be asked to render as the war goes on and which they will do just as well as the record shows they have performed these.

This is a time when patriotic citizens do not stop to count the cost of service to their country. Its preservation is their first consideration. The banks will make many other contributions to war efforts. While these contributions will consist of extra duties yet unseen, they will also consist of the omission of things they have been accustomed to doing and substitution of other activities for them. That applies to the entire business community, to all of the population, as we are learning, through the effect of priorities on business, through shortages of all kinds, through the cessation of automobile and other manufacturing, and through the rationing of tires, gasoline and sugar, and, as we shall learn, through the rationing to come of other things, including, possibly, the rationing of transportation. In common with other business and social organizations we have already felt the retrictions of war in many ways. One of them, for instance, is the inability to hold the customary conventions, important as such gatherings are, an omission made necessary in order that adequate transportation be available for the movement of troops and military supplies, an omission asked by the wartime transporation authorities themselves.

To many of us such experiences are not entirely new. During the last war we experienced a sugar control, and business experienced both priorities and price controls. And during the bitter winter of 1917-18 the people in the North suffered heatless Mondays with fires either banked or out. Although motor cars were not in universal use, the production of automobile tires was drastically reduced as to number of styles and sizes. The same thing was true of agricultural implements and machinery. The variety and styles of clothing was likewise curtailed and the quality deteriorated. A brief but sharp picture of some of this was given by Bernard M. Baruch, chairman of the War Industries Board in the last war. He wrote:

"We had instituted a deferment of every type of building construction except that indispensable to the prosecution of the war. We had gasless, meatless, sugarless, fuelless days, and, in ways and methods too numerous to mention, we were greatly increasing the supply for essential uses by cutting off supply for non-essentials . . . Had the war gone on another year, our whole civil population would have gradually emerged in cheap but serviceable uniform. Types of shoes were to be reduced to two or three. The manufacture of pleasure automobiles was to cease. Flaps from pockets and unnecessary trim in clothing would have disappeared. Steel had already been taken out of women's corsets."

The deprivations experienced in the last war will undoubtedly be multiplied during this one. But we shall accept them, make the best of them, as we did the last time, and substitute as we can. For instance, in our Association activity, service to our members may be expected to increase rather than decrease. With a growing transporation shortage and increased movements of troops and supplies, and the utilization of hotels for war workers and army personnel, it is obvious that large meetings of convention proportions will be out of the question for the present. So we shall have to substitute for such meetings gatherings of a smaller and different type, such as the clinic type of meeting devoted to a single or limited number of subjects. In lieu of our annual convention the membership will express itself in regard to the business and policies of the Association through the Executive Council. The Executive Council is the governing body next to the membership assembled in convention. It consists of 116

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War of Survival

This is a war of survival . . . to win it, the entire Nation is closing ranks behind the war effort. Industry is winning the fight against time by all-out speed in converting production to war demands. The banks are keeping pace . . . gearing their services to the war-time requirements of Government and of industry.

Credit in ample volume at low cost aids industry in quickly adjusting operations to current needs. Production loans to contractors and sub-contractors, made in conjunction with the Government, expedite maximum output.

Individually, and through cooperative effort, the banks are constantly adapting their services to meet unprecedented demands . . . doing their utmost to help speed the total war effort.

This Bank joins the other banks of the Nation in pledging cooperation to the Government and to industry in the primary job of fighting this war to victory.

BANKERS TRUST COMPANY
NEW YORK

Member of Federal Deposit Insurance Corporation

President Roosevelt Lauds Bankers' War Record

President Roosevelt, in a congratulatory letter to the members of the American Bankers Association, praised the bankers' "record of accomplishment" made during the past year but warned that "we have only just begun to fight." Saying the "convention in print" plan was helping to conserve vital transportation and other facilities, the President told the bankers that, if those on the home front are to be worthy of their fighting forces, they "must carry on the battle of production, wage war on inflation, combat complacency and fear." He added that bankers, as community leaders, "have a unique opportunity to promote that unity and teamwork which is so necessary to success."

The President's letter prepared for the "Convention in print" was addressed to Henry W. Koeneke, President of the A. B. A., and is given herewith as follows:

"My dear Mr. Koeneke:

"Please extend my hearty congratulations to the members of the American Bankers Association on this their annual convention. It is appropriate that the manner of your meeting in this year of historic decision should reflect the determination of American bankers to leave nothing undone that can in any way contribute to the object we all have in view—the defeat of our enemies. By holding this 'Convention in print' instead of assembling together as you have done for more than half a century, you are helping to conserve vital transportation and other facilities at a time when they are taxed to the utmost by the demands of the war.

"The bankers of America have a great obligation and great opportunity to serve our beloved Country in this hour of peril and they have answered the call to service joyfully and with stout hearts. For over a year they have played a distinguished role as volunteers in the promotion and sale of War Savings Bonds. They have met unprecedented demands from industry for the expansion and conversion necessary to win the battle of production. They have been in the forefront of the fight against inflation not only through the sale of savings bonds to the people but by putting into effect restrictions on consumer credit and combating unnecessary expenditures of all kinds. They have been indispensable in the freezing of foreign funds to prevent their use directly or indirectly by the enemy. I mention all this in the past tense not because the job is done but because even now it represents a record of accomplishment of which you all may be justly proud.

"But no one knows better than American bankers that we have only just begun to fight. American fighting forces are moving into battle on lines that encircle the globe. If we on the home front are to be worthy of them, we must carry on the battle of production, wage war on inflation, combat complacency and fear with the same spirit of courage and sacrifice with which they meet the enemy on land and sea and in the air. We, like they, can have no other thought than to win the war. All considerations of private interest or personal comfort must give way to a single-minded devotion to that aim. As community leaders, bankers have a unique opportunity to promote that unity and teamwork which is so necessary to success.

"Involved in this conflict are values too precious to be expressed in economic or financial terms. They include all those intangibles which make the name America a synonym for freedom throughout the world. Faith in freedom, in the honor and integrity of the common man, is what sustains us a Nation. United in this faith we are invincible.

"With best wishes, and again congratulations,

"Sincerely yours,

(Signed)

FRANKLIN D. ROOSEVELT."

Unfinished Business

By The Honorable HENRY W. MORGENTHAU

Secretary of the Treasury

We have come through a year of stress and strain since I last had the privilege of addressing the American Bankers Association on the subject of our financial and economic problems.

When I spoke to you in Chicago last October, coming events were already casting their shadow. At that time, and in the light of our financial experiences in the former World War, I reviewed the perils of inflation facing us, and I asked you to constitute yourselves sentinels of the nation, in your own banks and your own communities, to guard against any private encroachment upon the resources of materials or of credit needed for the national effort.

If this were not a moment of such deadly seriousness for our nation and for all free men, I might be tempted to think that we had not done too badly in our war financing in the year that has passed. By "we" I mean, of course, the American people, but also, in a special sense, the Treasury, the Federal Reserve System and the bankers, working together in a new partnership which we have entered into for the duration of the war—indeed, I hope for a much longer time, for our partnership must look beyond victory to the peace we shall have to win together.

In the fiscal year that ended June 30, $36,000,000,000 poured into the Treasury in tax revenues and in all forms of borrowing. There is no parallel in our history for this money-raising achievement, nor has the Government ever been able to draw upon such a wide variety of funds. We have not only raised $13,000,000,000 from taxes, but we have also borrowed a net amount of $3,000,000,000 through the sale of Tax Anticipation Notes. We have not only resorted to the conventional forms of borrowing from the banks and regular investors, but we have also enlisted additional institutional funds by issuing new types of securities, and we have sold War Savings Bonds to some 20,000,000 Americans to a total of $6,000,000,000 in the fiscal year just ended.

Without wishing to seem complacent—for complacency is as dangerous as a dozen of the enemy's mechanized divisions—I think it only right to call attention to these unprecedented borrowings, so smoothly carried out that the country as a whole has hardly become aware of their magnitude. We are surrounded at this moment by economic as well as military dangers, yet it is cause for some satisfaction that inflation has been more effectively controlled to date in this war, in the face of a production and expenditure program of immensely greater dimensions, than in the corresponding stage of our participation in the World War of 25 years ago.

I have just seen an estimate by the Department of Commerce showing that the people's savings in the first two quarters of 1942 were twice as great as in 1941, due partly to price ceilings, credit restrictions and to the growing shortages of many kinds of consumers' goods, but also in very large measure to the people's awareness of the need for saving. The estimate shows individual savings at an annual rate of $24,400,000,000 in the second quarter of this year, as compared with $19,300,000,000 in the first quarter and an average of $12,800,000,000 in 1941.

These results would not have been possible without the voluntary cooperation of millions of Americans representing every State and section, every occupation, every national background, race and creed.

In this voluntary program the bankers of America have stood in the forefront. They have given the equivalent of 25,000 full-time employees to the sale and promotion of War Bonds, and 85% of the sales made have been through the banks. They have been fighting in the front lines of our battle on the home front by carrying out the restrictions of Regulation W on consumer credit, by keeping a careful watch on all applications for non-essential loans, and by helping to freeze foreign funds which the enemy might have used to spy upon our war effort, to sabotage our production, or to demoralize our people. They have given their time and energy to this effort without thought of any compensation except the knowledge that they were helping their country in its time of greatest need.

I have said before on repeated occasions that we at the Treasury are deeply grateful to the Federal Reserve System and to every individual banker who has helped the program of war financing, and I should like to express my thanks once more for a splendid exhibition of cooperation and patriotism.

Yet we cannot afford to congratulate ourselves at this critical stage of the war. Whatever was accomplished in the past fiscal year is of little relevance when we remember the size of the financial as well as the military job ahead of us.

It would be carrying coals to Newcastle to explain to the bankers of America the magnitude of the financial problem confronting our Government this year in meeting the many and urgent demands of the war. You know that we shall have to borrow more than $50,000,000,000 in one way or another in the present fiscal year, even if Congress enacts a tax bill to yield $8,700,000,000 of additional revenue, as we at the Treasury have urged. Without any elaboration from me you can appreciate what the borrowing of $50,000,000,000 will entail.

The problem itself involves more than simply raising the money to pay the bills. To begin with, we have to manage our fiscal affairs so that the financial burden is distributed equitably. In achieving this, we must avoid any maneuver that threatens to hinder the maximum efficiency of our war production.

Above all, we must find the means to devote more than half of our national income this year solely to war purposes, yet without slackening the determination of the American people to win this war and win it outright. Our taxes and our borrowings must not handcuff the hands already willing to work for victory.

You would, I suppose, like me to give you some guidance as to the methods by which the Treasury proposes to raise these truly colossal sums. I wish that I could give you that guidance, but frankly, none of us can see more than a few months ahead through the murk of this most unpredictable of all wars. Besides, the decision in all cases does not rest with the Treasury alone.

I would not venture to guess, for example, what the new tax bill will yield, although I know that the American people are ready for a courageous tax program. In fact, they are ready to bear even greater burdens than the Treasury's minimum proposals of $8,700,000,000 in new revenue would impose upon them. I would not hazard a guess as to the future of rationing, although I feel deeply that we shall have to extend the scope and the severity of rationing before this year has ended.

I can, however, offer what I may call broad hints, based upon the principles which we have so far followed in our wartime financing and upon the dimensions of the task in which we are now engaged.

You may take it for granted that we shall continue to seek funds both from current and accumulated savings. In the field of taxes, we shall follow the enactment of a new revenue bill with renewed efforts to make the collection of taxes more effective. To this end we must intensify the sale of Tax Anticipation Notes, which afford millions of taxpayers the easiest possible method of saving in advance for the taxes that will be due next Spring.

In borrowing from the people directly, we intend to make every effort to reach and surpass our announced goal of $12,000,000,000 from the sale of War Bonds and Stamps in the fiscal year that ends June 30, 1943.

As I write these lines, the sales figures for July, amounting to more than $900,000,000 in a month, give us real ground for encouragement. So also does the fact that the sales of Series E bonds in the smaller denominations have shown a striking increase in recent months. Most encouraging of all is the increase in the number of workers purchasing War Savings Bonds through payroll deductions.

There are now more than 110,000 firms, employing over twenty-five million workers, that have a payroll savings plan in operation. In the month of July alone more than 18.000,000 workers subscribed $200,000,000 out of their pay for War Bond purchases, and payroll deductions are increasing at the

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rate of about $40,000,000 per month.

We confidently expect that by the end of 1942 well over 20,000,000 employees will be regularly investing at a rate approaching 10% of their gross earnings through payroll savings. This will mean that from $350,000,000 to $400,000,000 a month would be deducted voluntarily from payrolls next year to buy War Bonds. During 1943, on this basis, nearly $5,000,000,000 worth of War Bonds would be purchased in this way—all out of current wages and salaries, and all representing what we can regard as non-inflationary borrowing at its best.

Even if the War Bond sales realize all my expectations, we shall have to borrow increasingly and in utterly unprecedented amounts from other sources.

The members of the American Bankers Association are acutely aware of the hazards we run if we rely more than is necessary on the sale of Government securities to commercial banks. I often think, however, that the distinction between sales of Government securities to commercial banks and sales to others is overemphasized. What we are really trying to do is to sell as large a proportion of our securities as possible in such a way that their proceeds, when spent by the Government, will not constitute a net addition to the total spending of the econamy.

I think it worth remembering that sales of Government securities to commercial banks do not add to the total spending of the economy if they are offset by decreases in the loans or other investments in banks, or if they are offset by the accumulation of balances in the banks which are genuine savings of depositors.

It is necessary, therefore, that we at the Treasury should go far deeper than the superficial distinction between sales of Government securities to banks and those to others and that we should look closely at the real sources of the funds. The most desirable source of funds is, of course, money borrowed from the current savings of the country. A substantial proportion of the proceeds of all classes of Government securities sold—including some of those sold to commercial banks—comes directly or indirectly from this source.

Yet inflation cannot be curbed merely by the passage of a courageous tax bill or by the successful borrowing of vast sums from current savings, or by a combination of bold and intelligent taxing and borrowing. We undoubtedly shall find it necessary to adopt more drastic control of consumer spending, in one form or another, than anything yet applied. I should not like to predict at this stage, for prediction is more than ever dangerous, but I do want you to be prepared for new controls and new sacrifices as the war moves into a new and more intense phase.

We have heard so much talk lately about the function of finance in winning this war and in checking inflation that I should like to clear the air on one point. Financial policies do not of themselves win wars. Wars are decided by battles. But the necessity for winning battles does not diminish the importance of raising the money to fight them. Nor does it lessen our responsibility for raising the money in a way that husbands the strength of the civilian economy instead of wasting it. For though wars may not be won by financial triumphs, they can be lost by financial blunders.

The successful financing of the war is, therefore, vital for victory. It is our job, and we must do it. It is our problem, and it is up to us to solve it.

As I told the Senate Finance Committee in July, I am convinced that the American people are ready for sacrifices greater than we imagine. I know also that American bankers as individuals and as a group are ready to put forth any effort that may be needed. Our war effort is calling upon the skill and the resources and the leadership of the American banker as never before. It demands of him a leadership and a sacrifice above and beyond his own private interests. At the same time, its success is essential to his survival.

In another crisis that brought anxious moments and dark days to us a quarter of a century ago, Woodrow Wilson said, "America is not anything if it consists of each of us. It is something only if it consists of all of us; and it can consist of all of us only as our spirits are banded together in a common enterprise: the enterprise of liberty and justice and right." These were the words of a great American at another time when the fibre of our nation was being tested. They are a watchword for every American today.

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ESTABLISHED concerns are cordially invited to find out how a Chase Domestic Letter of Credit can contribute importantly to simplifying and speeding their business operations. Sound, credit-worthy enterprises in the New York Metropolitan area may inquire directly of the Chase; out-of-town firms through Chase correspondent banks in their communities.

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A New Housing Era

By MILES L. COLEAN

Research Director, Twentieth Century Fund, New York City

The impact of war upon housebuilding, with its challenge to technical ingenuity, its curtailment of supply, and its piling up of unsatisfied demand, already suggests both that the post-war period will be one of unusually large building activity and that this activity may be carried on in ways and under conditions quite unlike those of the thirties.

In a few respects the effects of the war on housing are similar to those of the depression. Private building is rapidly declining. Building organizations — particularly the small ones—are being forced out of business. Housebuilding labor is being dispersed in other activity. Owing to the difficulty even in making repairs, the condition of the existing stock of housing continues to decline. But here the resemblance to the depression stops. In all other ways, the conditions likely to be present at the beginning of the post-war era vary strikingly from those that we faced during the early thirties. Let us look at some of them.

1. House rents instead of declining will be kept from soaring only by rigid control—a control almost certain to be carried over into the new period.

2. The general level of income is steadily rising; the distribution of the increased income is exceedingly broad; and savings, particularly in the middle and lower income groups, are piling up. Demand, instead of drying up, is merely hidden behind the barrier of war restrictions.

3. This demand for housing is made more pressing by the increasing shortage of housing. The last decade saw only two non-farm houses built for each five net additional families. There were few replacements of old houses, and the census of 1940 showed that the general condition of the existing stock was even worse than had been revealed by the Real Property Inventories of 1934.

4. Although the typical small housebuilder of the past may be forced from the picture, the war housing program has at least succeeded in keeping a number of fairly large organizations active. The pressure for speed and economy has served alike to break down old restraints and to develop new techniques. The war-time housebuilders, experienced in mechanized mass housing operations, will be ready and eager to carry on their activity in the post-war period.

5. Competition for peacetime markets among producers of war materials should not only create favorable prices but also make many new materials and new uses of materials available to housebuilding. Lumber, steel, aluminum, magnesium and plastics should all figure in the drive to make use of excess productive capacity.

Thus in sharp contrast with the first years of the last decade, it appears likely that we shall enter the post-war era with a very strong demand for new houses and the beginnings of an industry capable of meeting the demand. What does this all mean in terms of the quantity and kinds of housing?

Forecasting the housing market in normal times is difficult enough. Under the rapidly changing conditions of a war economy and with the many unpredictables that war occasions, it becomes a job for the foolhardy. Yet on the basis of certain assumptions we may at least get a glimpse of possibilities. We may, for instance, assume a fairly high level of national income at the close of the war—current estimates place it somewhere near $110 billion at 1940 prices. We may perhaps safely assume that the relationship of housebuilding to national income might be similar to prosperous years in the past—in 1925, the relationship was 7.2%, and for the complete building cycle (1919-1935) the average was 4.5%.

On this basis it may be estimated that a post-war production upwards of $5,000,000,000 to, say, $6,500,000,000 is well within possibility. How such an expenditure would be divided among the various classes of residential construction is again a question on which estimates may widely vary. Assuming an average cost (exclusive of land) of $3,400 for a non-farm dwelling unit, we might (at the $6,500,000,000 figure) produce over 1,300,000 new non-farm houses and still have nearly $2,000,000,000 left for new farm houses, housing repairs and alterations and miscellaneous residential construction.

Assuming such a program to be possible what sort of housing is likely to be produced? A part of it, obviously, will be for families in the upper end of the income scale—the typical custom or semi-custom built houses that we are familiar with. Considering the effects of the wartime suppression of building, the accumulation of savings and increase in incomes, there is likely to be a great deal of this kind of building. The $7,000 to $10,000 or $12,000 house will probably be much in demand. For a few years at least it should provide ample business for builders following more or less traditional methods of operation.

But this class of dwelling cannot be counted upon to go far in meeting the post-war demand. Then, as previously, the bulk of the potential market will come from the families in the lower three-quarters of the income scale, who have never been adequately served with new dwellings. And it is this group that stands to benefit most from the technical progress that has been made during the war period.

The war housing program has demonstrated that simple, comfortable, and attractive houses can be built, even under the difficult and expensive conditions created by the existing shortages, at prices around $4,000 (and sometimes less) a unit, including a reasonable allowance for the land. It has demonstrated that these houses are susceptible of mass production under highly mechanized methods of operation.

The large building organization, which was a factor of increasing importance during the past decade, is even more characteristic of housebuilding under war conditions. Projects of 500 to 1,000 units are a commonplace, while developments of 2,000, 3,000 and even 5,000 units have been carried on as single operations. And the factory, which before the war was only beginning to be used in the pre-assembly of house sections, has become almost the keynote of war production. Whether placed temporarily on or near the site of a large project, or operating on a permanent basis, independent of any of the several sites it may from time to time be serving, the factory seems to have been firmly established as an instrument of house production. While, in terms of size of organization, housebuilding may not yet have become big business, the war has certainly made it a bigger business than it was during the Thirties when the average production per builder was something around four houses a year.

These industrial changes are likely to result in the capture and extension of the market for low priced dwellings by the large producer whether he be the project builder, constructing considerable numbers of houses in one location, or the factory prefabricator serving a number of locations, and reaching even into the smaller communities where only a few, separately erected dwellings may be needed. It is not unlikely that an important part of the demand for more expensive houses—ranging to $12,000 at the 1940 price level—will gradually be met in the same way. The small scale, handicraft builder in the future is apt to be more and more confined to a limited market demanding a thoroughly custom-built article.

If such a shift in the method of house production takes place, it is bound to bring with it many new banking problems. The financial needs of the large producer, for both the production and the marketing of his product, are far different from those of the traditional house-by-house builder. Housing finance must, therefore, face modifications that will permit it to meet the special requirements resulting from the industrial change.

Traditionally the mortgage has been the instrument of housing finance, both for the producer and the purchaser. Either the prospective buyer obtained a loan or a commitment to make a loan before construction started, or the builder, if operating on his own

(Continued on page 1080)

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demands Industrial Teamwork

To attain our shipbuilding goal, Industrial Teamwork must be carried to a point undreamed of in days of peace. Steel plate and structural shapes alone will not create the ocean carriers on which so much of the world's hope depends; the cooperation of all men in all yards is essential to bring production to its highest, record-shattering tempo.

Yet even this is not enough. Industrial Teamwork must be carried *outside* the yards—to the other industries which supply the builders with their stuff of industrial life . . . Both in and outside the shipbuilding areas, Insurance contributes to and unifies Industrial Teamwork.

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Bank Protection in Wartime

By FRED C. EGGERSTEDT

Second Vice-President, The Chase National Bank of New York

Within 10 minutes after special air-raid alarm bells sound throughout the floors of the various buildings comprising our Head Office organization, thousands of staff members arrive in orderly fashion in their safety areas, cash and securities have been moved to the vaults, records and other valuables are under cover, windows are open, lights are out, emergency medical quarters are staffed, fire brigade trucks are manned—and we are ready for whatever may come.

In common with other organizations located in cities along the nation's seaboards, which it is logical to presume are most vulnerable to enemy attack from the air, our air-raid defense program was put into effect soon after war was declared. Nevertheless, it is still in the process of refinement, with frequent surprise tests bringing to light minor imperfections in the plan. As is the case in any organization which must consider the many differing factors such as type of building construction, available safety areas and total personnel, our program was the result of careful study and planning based upon certain general instructions issued by the Office of Civilian Defense and the New York City Police Department. Any bank can readily accomplish the same result by a study of its own particular circumstances. Surprise tests frequent enough to keep the organization alert will effectively disclose any weaknesses of the plan.

Safety of the staff must be given first consideration; next comes the safe-guarding of cash, securities and records. Our plan was based upon this premise. Every employee received a printed card of instructions which specified the safety areas in our various buildings. In an emergency, employees who may be away from their desks go to the nearest safety area rather than return to their particular quarters. One of our early tests pointed to the logic of this point.

Each level has a floor warden, and in addition there are a number of monitors on each floor to conduct personnel to safety areas. Those assigned to take care of cash and securities are provided with containers which can be filled quickly and taken to the vaults. Each elevator in the various buildings is assigned a specific function, several to take securities to the vaults located below the street level, others to take doctors and nurses to first aid stations, while others under the control of wardens, move personnel to floors with safety areas. These safety areas, in most cases, are interior corridors providing maximum protection from blast damage and flying glass.

Building engineers and porters man our fire brigade trucks, and they are thoroughly drilled in the handling of incendiary bombs, fire fighting and emergency repair work. Our portable trucks, compact enough to enter the elevators, carry 60 items of equipment, such as fire-fighting apparatus, shovels, pickaxes, sand, hose, lamps, fuses, asbestos pads and gloves, and other items. They are located at strategic points in our buildings. Each floor has been provided with first-aid supplies, buckets of sand, and fire extinguishers and emergency phone outlets are located at many points. Several hundred members of our staff have taken first-aid courses and have been approved for emergency service by our Medical Department.

Our planning was made complex by the fact that our Head Office is located in two main buildings, in one of which is centered our commercial banking activities and in the other our Trust Department. Our other buildings adjacent to these large bank buildings were a further complication. Adjoining our main building, as an example, is an eight-story structure which we consider unsafe in event of air raids. It was necessary, therefore, to provide safety areas in our main building for the employees in this building.

We have been informed that all but the upper four or five floors of a steel and concrete structure are relatively safe from bombs, and we therefore have arranged to evacuate these levels. Personnel on the ground floor and below are moved to our second floor, which is 45 feet above street level.

After individual instructions were issued, meetings were held with small groups and departments, at which our program was outlined in detail. Suggestions were invited, and many were found to be helpful. Thereafter drills were staged, a floor at a time, to test the plan, and minor changes resulting from delays and over-crowded dispersal areas were effected. After all floors were tested, each group of buildings had an all-out surprise alarm. The speed with which the floors were evacuated and valuables moved to the vaults was highly satisfactory.

As new employees enter the bank they receive a copy of the original instructions, and each department has its own specific plan posted prominently on the walls and bulletin boards. Alternates are appointed for all wardens, monitors and first-aid volunteers, who act in case the principal is unavailable through illness or vacation, or at luncheon. Alarm bells are controlled from our central watch room, which connects with all floors of all buildings and results in simultaneous warning of the danger we are prepared to face.

Effects Of The War On Banking

By W. RANDOLPH BURGESS

Vice Chairman of the Board, The National City Bank of New York

Bankers these days are using spare minutes to jot down figures on the backs of envelopes, the corners of newspapers and even on table cloths. They are trying to figure how their banks will look in deposits, earnings, and capital position, as a net result of the Government financing and tax programs.

The Under Secretary of the Treasury has just told the Congress that by next June 30 the member bank holdings of Government securities are likely to be about double their present holdings. They now own about 24 billion dollars worth, and less than a year from now, despite higher taxes and vigorous efforts to sell bonds to investors, banks are likely to hold over 48 billion dollars of government securities. And that is not all. There may be one, two or "X" years more of the same sort of increase.

W. R. Burgess

There is no question about doing the job; there can be no holding back. Each bank is prepared to carry its share of the load. Excess reserves have declined and the margin of profit on successive new issues has been pared down to the vanishing point. But the banks have continued to enter their subscriptions for the larger and more frequent Treasury issues. As Secretary Morgenthau testified the banks were not being forced to subscribe. They have responded willingly because they understood the task to be done and their share in it.

The Economic Policy Commission of the American Bankers Association last Spring made an analysis of the war financing problem. Even as the report was coming off the press the government estimates for spending and borrowing were revised upward.

The following table shows the probable effect on the banks of the latest budget estimates:

Effect of Government Security Purchases on All Member Banks, Assuming Continuance of Current Trends
(In Billions of Dollars)

	6-30, 1941	6-30,* 1942	6-30,* 1943
Total Loans and Investments:			
Loans	16.7	18.0	18.0
Governments	18.1	23.6	48.8
Other Investments	5.8	6.0	6.0
Total	40.6	47.6	72.8
Liabilities:			
Deposits	58.5	64.9	87.9
Capital Funds	5.8	6.0	6.2
Capital Funds Ratios:			
To Deposits	9.9%	9.2%	7.0%
To Loans and Investments	14.3%	12.6%	8.5%

*Estimated.

One painful subject for envelope jottings is bank reserves. Where will the banks get the money to buy all these securities? A year ago they had excess reserves of five billion dollars. Today they have only two billion dollars. How can you buy 24 billion dollars of bonds with two billion dollars of cash?

Here we encounter the most confusing and perplexing concept in economics—the ratio of reserves to credit expansion. Without spelling it all out, the central point is that when banks expand their loans and investments, they must be able to put up at the Reserve banks the reserves legally required for the corresponding expansion of deposits. The average percentage of reserves to deposits in the United States is just under 20% and if this ratio is maintained it will take nearly five billion dollars of reserves to finance the purchase of 24 billion dollars of government securities. Actually even more reserve money will be required, for currency demand has been increasing under the stress of huge production and payrolls and rising prices. There is also some hoarding. Currency in circulation rose almost three billion in the past 12 months. When currency is drawn from the banks it uses up reserves, dollar for dollar.

Thus, about eight billion dollars of extra bank reserves are likely to be needed before the end of this fiscal year (assuming the present two billion of excess reserves are maintained). Where will they come from?

In World War I the banks borrowed from the Federal Reserve banks most of the extra reserve money they needed. That could be done again. But there are other alternatives. The legal reserve requirement could be reduced, thus freeing reserves for the new load to be carried. Or the Federal Reserve System could buy government securities, thus pouring reserve funds into the banks.

The banks will carry through this big undertaking with more confidence if they do not have to borrow heavily and continuously. They are reluctant, and with reason, to be borrowers for extended periods. In the course of this huge program with its great shifts of funds about the country, some banks may have to borrow at times. They should do so freely when necessary. Under these circumstances borrowing will be a sign that a bank is doing its share in the Government's financing program.

But that program will be carried through more smoothly and with less risk of unstable money rates if the banks can obtain in other ways the bulk of new reserves required—by reduction in reserve requirements, and by Federal Reserve open market purchases. The Reserve System has given clear indication of moving in that direction, by substantial purchases of goverments and by securing the passage of legislation giving them greater flexibility in dealing with reserve requirements. The new amendment gives them the power to change the requirements of banks in central reserve cities separately from those of other groups of banks.

The net of all this is that every bank may go ahead and buy its share of the new government issues with assurance that additional reserves will be available as needed.

Of course, this does not mean a bank can afford to neglect its reserve position. In the period we face the management of reserves will be one of a banker's essential tasks—just as it used to be. This problem, however, has been greatly eased by the increase in the outstanding volume of Treasury bills and certificates readily saleable at any time.

These facilities and the demonstrated readiness of the Reserve System to put out additional reserve funds support the full participation of all banks in the financing program.

Another figure bankers are working out on the backs of envelopes is their capital position after another year or two of expansion. As the foregoing table shows there will be quite a shrinkage.

Of course, the old standard ratio between capital and deposits was not a wholly satisfactory measure of soundness. It was only good if you could assume that all funds were employed at equal risk. How much capital a bank needs depends on the risk of loss, and that is a question of character of assets. If a bank holds mortgages, or long-term corporate bonds, or is heavily loaned up, the risk is much larger and the cap-

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Your Correspondent

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A Wartime Investment Policy

By DR. MARCUS NADLER

Professor of Finance at New York University and Consulting Economist of the Central Hanover Bank and Trust Co., New York City

As the financial needs of the Government grow, holdings of Government obligations by the banks are bound to increase. It has been estimated that during the present fiscal year the banks may be called upon to absorb between 25 and 30 billion dollars of newly issued governments. The banking institutions throughout the country must therefore adopt an investment policy coordinated to the present needs of the Government.

Such a policy divides itself into two parts, both aiming at the same objective. The one deals with the purchase of new securities to be offered by the Government, while the other concerns itself with the management of the present portfolio.

The broad investment policy of a bank should be based on the following principles: (1) safety, (2) liquidity to meet possible withdrawals of deposits, and (3) maintenance of satisfactory earnings.

Safety—United States Government obligations are the safest securities available in the country. The holders of these obligations are certain that they will be paid promptly, principal and interest when due. The only risk attached to Government securities is that they are subject to fluctuation. The longer the maturity of an obligation, the greater is the risk of price fluctuation. In this respect, however, certain factors should be considered; namely, (1) that during the war, and for some time thereafter, the money market will be entirely dominated by the needs of the Treasury and that the monetary authorities have the power to keep money rates at any level they may desire; (2) a repetition in the Government bond market of what happened during 1920 when the Liberty Bonds witnessed a sharp decline is not to be expected, and (3) a repetition of the decline in Government bond prices, as occurred during the banking panic, under present conditions, is impossible. Hence, while it cannot be denied that the risk of price fluctuation does exist in long-term Government bonds, these fluctuations can and probably will be on only a moderate scale.

Liquidity—The increase in the holdings of Government securities by the banks will be accompanied by a corresponding rise in the volume of deposits. A general decrease in deposits can be caused by a wholesale reduction in loans, a sharp increase in the volume of currency, and the liquidation of a large amount of securities held by banks. None of these developments on any considerable scale is to be expected. A reduction in the volume of deposits can also take place if the refunding operation, carried out by the Government after the war, are intended to transfer obligations held by the banks to ultimate investors. If this is not done, and it is doubtful whether it can be accomplished on a large scale, then the volume of deposits is bound to remain large for a considerable period. There is, however, a possibility that some sections of the country may lose deposits after the war. Banks located in communities which have greatly benefited from the war effort will find their deposits increasing at a more rapid pace than others located in sections not favorably affected by the war. Part of these deposits may be lost to other sections after the war, when the national economy assumes a more normal character.

Similarly, the sharp increase in income of the farms will cause a material increase in deposits in certain farm communities, since during the war they will not be able to purchase durable consumer goods as well as farm equipment to the same extent as before. After the war when these commodities again become available their acquisition by the farmers is bound to lead to an outflow of deposits.

An institution which maintains a portion of its assets in liquid form, i.e., in short-term Government obligations, will be in a position to meet this outflow of deposits without being forced to sell medium- or longer-term Government obligations which are subject to price fluctuations.

Furthermore, since the increase in the volume of deposits will not be accompanied by a corresponding increase in capital, surplus and undivided profits, it is clear that the ratio of capital accounts to deposits, which is already lower than before, will decrease rapidly. The capital of a bank is intended as a cushion against potential losses on its earning assets. Since short-term Government obligations carry no risk whatsoever, no cushion is necessary against them. Hence, the smaller the ratio of the capital accounts of an institution to deposits the greater will be the incentive on the part of the banks to keep part of their earning assets in liquid form.

Maintenance of Earnings—The earnings of the banks will be derived more and more from investments since the volume of loans, particularly of the smaller institutions, may decrease. Loans made for the purpose of financing durable consumer goods may disappear entirely within a reasonably short period of time. It is also likely that loans made for the purpose of enabling merchants to carry consumer goods inventories will be reduced as the volume of inventories is gradually curtailed.

Since the earnings of the banks will depend more and more on investments, their investment policy should be so formulated as to assure the individual institutions sufficient earnings not merely to meet overhead expenditures and to pay dividends but also to accumulate a moderate amount of surplus. Since the Government is offering short-term as well as medium-term obligations, banks are in a position to adopt an investment policy which would assure them the greatest degree of safety combined with a fair degree of liquidity, as well as moderate earnings.

It is impossible to lay down any hard and fast rule which would suit the investment needs of all institutions, since each bank is confronted with different problems which it must solve in the manner best suited to its own needs. But in the main, the investment policy of an individual bank should be based on the following considerations:

(1) Composition of the deposits, i.e., time deposits versus demand deposits. Furthermore, a bank must also take into consideration what proportion of its deposits is vulnerable and subject to immediate withdrawal. The swing in deposits, i.e., the amount of deposits that an individual bank may lose within a relatively short period of time also must be taken into consideration.

(2) Composition of the existing assets must be carefully analyzed before a definite investment policy can be adopted. It is obvious that the investment policy of a bank whose assets consist to a considerable extent of mortgages and other long-term commitments will be different from that of a bank whose assets are composed primarily of self-liquidating commercial loans and of short- and medium-term Government bonds.

(3) Ratio of capital to total earnings assets will also play an important role in determining the investment policy of a bank. An institution whose ratio is small naturally will be hesitant to acquire assets subject to risk or wide fluctuations. On the other hand, an institution whose capital resources are large in proportion to its earning assets is in a better position to acquire longer-term Government securities subject to price fluctuations.

Furthermore, the investment policies of a bank will also in part be determined by its size and location, since the investment problem of an institution located in the money market center differs materially from that of an institution located in a small rural community. For the purpose of the present study, the investment policies of banks may be divided into the traditional classifications; namely, central reserve banks, reserve city banks, and others.

The investment problems of the institutions in the different categories become apparent from an analysis of the composition of their deposits, as may be seen from the table below.

COMPOSITION OF DEPOSITS OF ALL MEMBER BANKS APRIL 4, 1942

	All Member Banks	Central Reserve City Member Banks	Reserve City Member Banks	Country Member Banks
Total deposits	$61,012,603	$21,519,704	$22,240,056	$17,252,843
Demand deposits	48,925,916	20,283,018	17,541,379	11,101,519
Per cent. of total	80.2%	94.3%	78.9%	64.3%
Time deposits	12,086,687	1,236,686	4,698,677	6,151,324
Per cent. of total	19.8%	5.7%	21.1%	35.7%

RATIO OF CAPITAL ACCOUNTS TO TOTAL DEPOSITS

	All Member Banks	Central Reserve City Member Banks	Reserve City Member Banks	Country Member Banks
Total deposits	$61,012,603	$21,519,704	$22,240,056	$17,252,843
Total capital accounts	5,929,558	1,943,813	1,980,953	2,004,792
Per cent. of total	9.7%	9.0%	8.9%	11.6%

Whereas time deposits of the central reserve city member banks represent less than 6% of their total deposits, they aggregate 21% in the case of reserve city mem-

(Continued on page 1084)

WAR PLANS

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Importance Of Savings In Our National Life

By PHILIP A BENSON

President of The Dime Savings Bank of Brookyn, New York

There is no doubt that the present situation offers a challenge to every savings banker. We now have the opportunity for a truly great service to our country, for the reaffirmation of our faith in savings and for demonstration of the vitality of savings banks and their popularity as agencies of thrift. It may have been thought within recent years that the old-fashioned virtues of thrift and savings were becoming out-moded. Such is not the case, however, for the value of savings in our national life stands out as a fact of constantly increasing importance. Savings is a necessary element in our present program for it is a major factor in financing the national war effort. Savings is a necessity also in the stabilization of our entire economic structure for it is a definite preventive of disastrous inflation. In other words, savings is not only a virtue and an evidence of good citizenship and good character; it has in these significant days become a national necessity.

Philip A. Benson

One of the major problems of the savings bank in the present emergency is therefore to realize the vital necessity of savings and the important part each bank plays in promoting it; to do its utmost to preach and to teach the gospel of savings and to proclaim its urgency on every occasion and through every possible medium. The savings banks of New York State, as a group, are doing this in a Statewide plan of advertising using newspapers, radio and motion pictures. Individual banks are supplementing the State effort and are using advertising media to promote savings for the benefit of the national war effort. Some banks—The Dime Savings Bank of Brooklyn is an example—are also emphasizing the fact that saving now is of especial advantage to the individual in that it is first being loaned to his country, and later, as it is returned to him, it will furnish the means to purchase those things that are unobtainable now and which will be available when the war is over.

Part of the problem of the savings banks in promoting savings for the war effort and for the purpose of acquiring funds for postwar expenditures is to make it clear to all those who are receiving salaries and wages that savings must come from current earnings and not from past savings. Past savings are already at work and are invested in the bonds of our Government or in the country's industries or in mortgage loans. It is the creation of savings out of current earnings that is going to do the really important job for the country and for the individual, and savings banks have a great responsibility in educating people to this fact.

Savings banks must also make it clear that in promoting savings now they are doing so solely from the viewpoint of the value of savings to the national economy. We are not seeking our own advantage nor are we trying to increase profits. We are offering our banks as agencies through which savings from pay envelopes and other sources may flow into government channels. The present time can well prove to be a golden opportunity for the savings banks to increase their prestige and influence.

Another problem that strikes me as being of great importance to savings bankers is that of building strong and well managed banks. Just as a soldier trains for active service, so must we increase our strength and efficiency for whatever responsibilities may lie ahead.

We own some real estate and are perhaps still acquiring it. This property should be reappraised and increased efforts made to liquidate it. We must continue every effort to put our mortgage portfolio on a sound basis, both by placing all mortgages on an amortized basis and by building up reserves.

Mortgage problems are very real and urgent, and they must be faced courageously and firmly. We must also continue improving our bond portfolio, eliminating second grade bonds, substituting governments for them. We have frequent opportunities of investing in new issues of government bonds.

I anticipate a great future for our savings banks. Savings are vital to a healthy national life. We must watch to see that no other agency takes the time-honored place of the savings bank in the field of thrift and savings. We must play our part now as good soldiers, as efficient workmen, as true Americans.

Ten Fundamentals Of Wartime Banking

By HERBERT V. PROCHNOW

Assistant Vice President, The First National Bank, Chicago

Today we live in one of those intense hours of history in which the world seems impatient to crowd the changes of a century into a decade. Vast and confusing as were the pressing problems of the 1930's, one may suspect that the decade beginning with 1940 will present bankers with responsibilities of even greater magnitude.

One thing is certain, the direction of our thinking now must be dictated by two primary objectives: first, how can bankers assist in the winning of a war that seems destined to change so significantly every nation in the world; and, second, how can bankers operate their institutions so that when the war is over the banks may take a major part in reconstructing our economy? A consideration of these objectives indicates that there are at least 10 practical fundamentals to be observed in wartime:

1. Maintain a flexible and competent staff of employees

The longer the duration of the war, the greater will be the loss of trained personnel to the armed forces. Every employee should be trained in one or more jobs in addition to his own. In other words, every position should be covered by two or more employees.

2. Increase operating efficiency

With a fairly long war and a progressively greater shortage in persons available for employment, it is evident that operating efficiency must be increased. The inability to employ adequate personnel may necessitate each employee taking over more work. This can be accomplished by greater efficiency on present jobs.

3. Analyze costs and services to maintain profitable operation

In 1931, over 58% of the gross earnings of our national banks (which may be considered typical of all banks) represented earnings from loans and discounts; in 1941, the figure was reduced to 48.7%. In 1931, 24.5% of the gross earnings came from securities; in 1941, 32%. In the same period, interest rates were steadily declining, the average yield on United States Government obligations decreasing approximately 33%. In that decade, also, service charges on deposit accounts increased from 1.6% of the gross earnings to 4.8%. The latter percentage is small, but every additional 1% of such income in relation to the capital stock is very important.

Some banks now show as high as 10 to 20% of their gross earnings in service charges. These charges are a necessity in the sound operation of banks whose local loans decreased greatly in the last decade. Moreover, in many communities today substantially increased farm and industrial income is resulting in the retirement of loans. Bankers may thus find it necessary to reexamine their service charges, including those for handling checking and savings accounts, issuing drafts and cashier's checks, collecting all types of items, making telegraphic payments of money, safekeeping securities, stopping payments, returning items, paying overdrafts, and rendering other services for which banks may fairly ask reimbursement. The booklet of the American Bankers Association on the 100% or complete analysis plan for checking accounts is recommended.

4. Conserve earnings and build up reserves

To the extent that earnings permit, wisdom dictates the building of strong internal reserves. A period of great world economic change and transition carries with it the possibility of some unanticipated losses.

5. Strengthen customer relationships

The war finally will end, and the banker who has strengthened his relationships with his customers and assisted them constructively in handling their present difficult war problems is certain to be in an advantageous position later. There are, for example, agricultural sections today in which it is said Government agencies have over 90% of the non-real estate agricultural loans. Some of these loans are, of course, not bankable. However, in some sections, bankers who aggressively worked with farmers to develop local agricultural conditions have maintained their loan positions relatively well and have reduced Government competition.

6. Urge the public to save

In some instances, bankers have been shortsighted in recent years in not urging the building of savings accounts by the public. The inability to obtain adequate earnings on these accounts has been the customary reason given for this attitude. Actually, however, the failure to promote savings more aggressively would seem to reflect a lack of understanding of the significant role of savings in banking and in the economic progress of a nation.

There is no means by which a people can escape the necessity for thrift. It is through the medium of saving that a nation creates the instruments of capital, such as machinery, hydroelectric plants and factories. Economic progress and thrift are as inseparable as liberty and democracy in the United States.

There are approximately 47,000,000 savings accounts. It is through these savings accounts that many banks have their principal financial relationships with the people in their communities. A public responsibility of such vast proportions is one which needs constant cultivation and encouragement, for here in no small sense the hopes and fortunes of multiplied thousands of men and women have been placed in the banker's care.

7. Work cooperatively through the American Bankers Association and State associations to improve operating procedures

By exchanging experiences with other banks, inefficiences can be eliminated and weak points in operating procedures can be improved. By mutual cooperation more uniform cost accounting systems can be developed so that banks in various sized classifications can measure their operating efficiency. In some States, such as Ohio, the bankers' associations have made commendable studies in this field.

8. Examine all financial and economic proposals in the light of experience and fact

The rapid and far-reaching readjustments which accompany war and postwar periods invariably bring conflicting proposals for changes in our financial and economic systems. Confronted by these proposals, it is not sufficient simply to insist on a dogmatic adherence to what may be antiquated doctrines. Nor, on the other hand, can a banker blindly acquiesce in obviously unsound theories and experiments. There is always a sound middle ground between rank reaction and rank radicalism. From the breadth of his financial relationships with all kinds of industry and business, and from the wide variety of economic problems which confront him, the banker is in a position to bring balanced judgment and clear thinking to each new proposal.

9. Promote the sale of Government securities to the public

For reasons with which every banker is thoroughly familiar, it is imperative that he lend full support to all activities which assist in the sale to the public of United States Government obligations for the financing of the war. Thus, he will help to assure a sound financial structure now and in the future.

10. Use every opportunity to present to the public the proper functions of our banking system in the nation's life

To the extent that men and women understand the operation of our banking system, it will have widespread public support and will be free from those vexatious problems which would be disadvantageous to its sound and proper functioning. More than ever, in the years to come, the processes of banking and business will be assessed and evaluated in terms of public service.

A New Housing Era

(Continued from page 1076)

account, obtained funds by mortgaging the property on which he was working. Through the transfer of that mortgage to the ultimate purchaser, the same instrument frequently served the purposes of both producer and consumer credit. Commercial credit in the ordinary sense was not characteristically used for construction purposes, and, when it was, at least a commitment to make a mortgage loan on the completed property was usually present.

In dealing with the small builder without any appreciable investment in plant or equipment and usually with no certain prospects for continuing in business, a form of security that looked beyond the credit of the producer to the value of the product itself was essential. Morever, for such a builder, this type of financing was usually satisfactory. It took care of his immediate capital requirements, and it usually provided him with a relatively painless escape in case his sales or rentals did not materialize.

The customary modes of housing finance are not so well suited to the large producer, whose credit needs are likely to be greater and more various than those of the small builder. Since the large mechanized producer must have a considerable investment in plant and equipment, he may need credit to help provide these essentials. Since he must purchase materials on a large scale, he will need credit to finance his inventory. Since a considerable part

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of his work will be done away from the building site and perhaps considerably in advance of final site assembly, he will need credit to help tide over the period of production. He may also find it necessary to assist in financing dealers.

For none of these operations does the mortgage on the individual house or group of houses fit the purpose. For the most part the need will be for short term and intermediate commercial loans, secured by the general assets and credit of the producer rather than his completed or partially completed products. Here should be an important new field of banking business. Since large scale production necessarily means greater concentration, the financing too is likely to be concentrated in fewer and larger institutions than the ordinary dwelling construction loan of today.

The post-war period is likely to bring changes not only in the type of producer's credit but in the ways of financing the purchaser as well. Although it is possible that wartime savings may, for a time and especially for the more costly types of houses, result in a greater than usual proportion of low ratio loans, it is hardly likely that any large volume of low priced house construction can be maintained without the low down payments and long payment period that were characteristic of home purchase loans in the thirties.

Such change as there is likely to be from this pattern will probably be in the direction of even lower down payments. In spite of the probability of an unusually high level of savings, the years following the war are likely to be unsettled years. During the process of reconverting war industry and of developing new peacetime products, employment opportunities are likely to shift rapidly, new migration may occur, and the prospect of moving will at least be present. In spite of their savings, therefore, large numbers of families may be unwilling to enter into long term contracts involving much risk of their capital.

At the same time the building of rental housing will undoubtedly continue to be handicapped by the same difficulties that, in spite of a great increase in the rental demand, held it back during the thirties. The almost certain continuance of rent restrictions into the post-war years may add to the difficulties of producing new dwellings on a straight rental basis. The escape from this dilemma may be through the development of various forms of lease purchase plan, under which the down payment may be virtually eliminated and title passed after the requisite number of regular monthly payments.

The working out of such schemes will involve considerable financial ingenuity. The property possibly may be mortgaged, but in the builder's rather than the owner's name. Or new types of housing operating companies may evolve, which would initially own the projects, gradually transferring them to the purchasers—involving not only new methods of financing but new forms of trustee relationships. Or, following the pattern of the Metropolitan Life Insurance Company, financial institutions may themselves increasingly undertake directly the ownership of housing properties.

A different type of financial problem may grow out of the new technology. The construction of large sections of the structure in a shop or factory gives the house a new demountability and mobility that was not inherent in the traditional house rooted at every stage to the ground on which it stood. While of course, it is possible to fix a prefabricated house as firmly to the soil as its predecessor, it is also possible so to construct it as to make it readily and quickly removable at small cost. There has been a marked trend toward the latter in the war housing program.

To the extent that this trend continues, the dwelling loses its quality as real estate, and the concepts of ownership, transfer of title, and financing applicable to real estate tend to lose, or to suffer modification in, their applicability to the dwelling. The dwelling as a repossessable chattel subject to such instruments as the conditional bill of sale is a possibility not to be ignored in the development of the financial patterns of the future.

The war has not only eliminated business-as-usual so far as housebuilding and home finance are concerned; it even promises to carry us technically beyond a point where a return to business-as-we-have-known-it will be possible. New housing construction privately financed can play a vital role in the period of post-war readjustment. The greatness of that role and the success with which it can be played will depend upon how well the new problems are analyzed and how thoroughly the needs for new methods and new points of view are anticipated.

A Yearful Ahead

(Continued from page 1073)

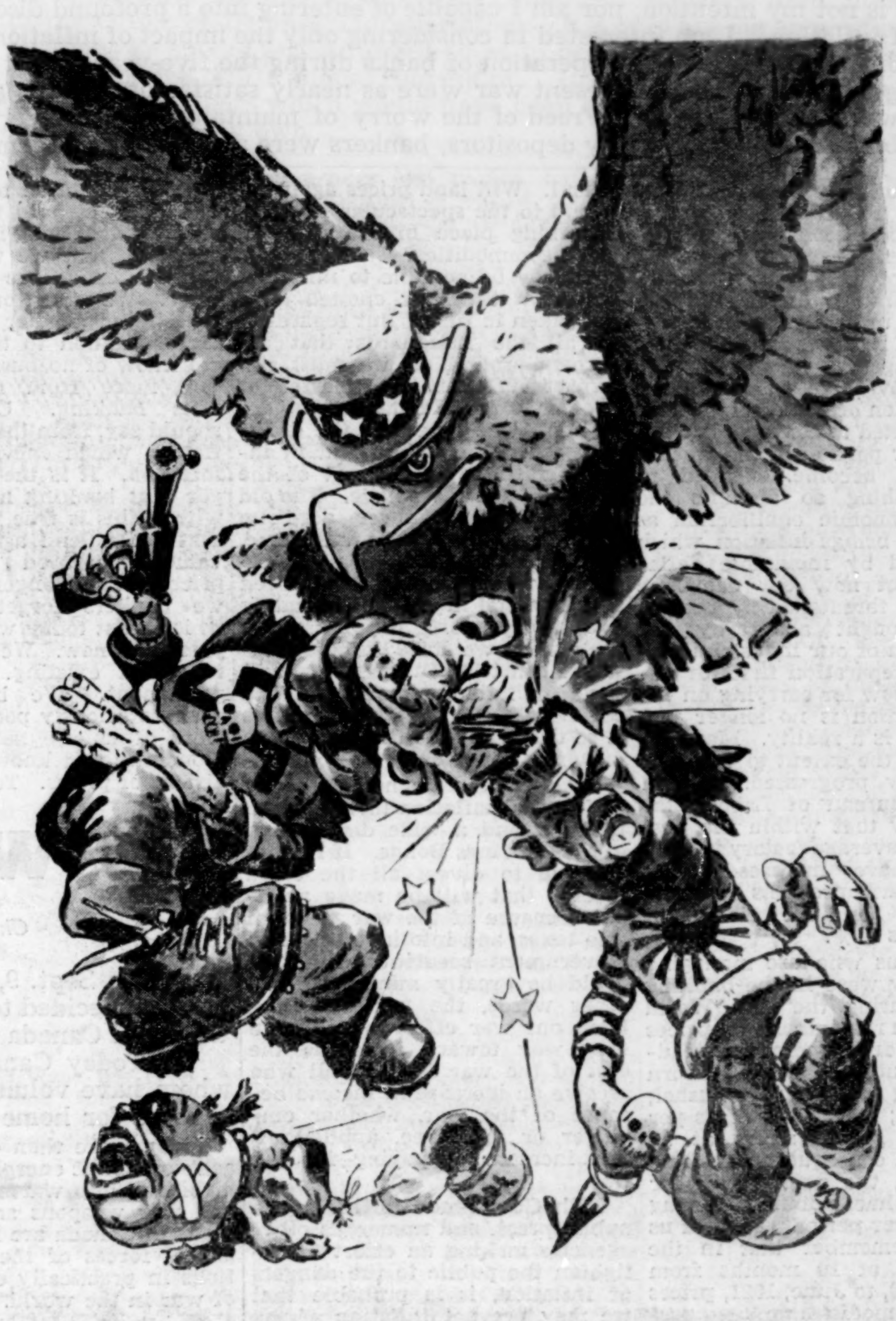
bankers coming from all sections of the country, most of whom are elected to the Council by the state bankers associations. The Executive Council will meet in New York on September 28-29 to consider the business of the Association and give direction to its policies.

The problems and situations which will arise to confront banks during the war will probably be more difficult and acute than those arising in peace time and will therefore call for closer association between the ABA and its members, and require even more active service on the part of the Association. Because of this, Association activity may be expected to increase. And in developing new avenues of service, perhaps we shall even improve on what has been done in the past.

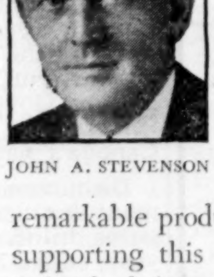
The months ahead will call for resourcefulness. There will be problems growing out of the wartime fiscal operations of the government, the drying up of the civilian economy, rising taxes and the continued low interest rates, the loss of manpower and other things. However, they are not problems that will be insoluble to resourceful men. Already many resourceful bankers are meeting some of these difficulties by ingenious methods and practices, operating within the framework of good banking yet adapting their operations to new conditions.

That is what all of us must do. War is an intolerant taskmaster. It requires that private institutions serve its needs as effectively as they serve the needs of the peacetime way of life. Otherwise it may not tolerate them. Therefore we have a dual obligation as private institutions. It is to see that these institutions serve as effectively as a wartime mechanism as they do as a peacetime mechanism. As they help to win the war and to serve the war needs of the people will they assure their continued place in society.

The times also call for united effort and for leadership of that effort. To provide these is the function of the bankers associations. It is, therefore, quite essential that the bankers associations, who provide these functions, have the continued wholehearted cooperation and support of the bankers generally. In this respect the American Bankers Association is thoroughly equipped to serve you. In the critical months ahead it will carry on in your behalf more intensively than ever.



The Eagle Has Claws!



JOHN A. STEVENSON

• "It is said that America is in greater peril now than ever before. This is undoubtedly true. But it is also true that America is stronger today than ever before.

"We are training and equipping a mighty Army. We have a great, fighting Navy. We are building the largest air armada the world has ever known.

"Behind our great military might is the remarkable productive power of our free economic system, and supporting this system is the increased financial strength of individual Americans. In the vital matter of life insurance, for instance, we own *five times as much* protection as we did in 1917!

"This American characteristic of planning ahead to meet personal emergencies is one of our great assets now. It is reflected in the heroism of our fighting forces, in the miracle of our production lines, in the indomitable morale of our people.

"We of The Penn Mutual family are using every resource at our command to help make America stronger today for war—stronger tomorrow for peace."

John A. Stevenson

President

THE **Penn Mutual** LIFE INSURANCE COMPANY

INDEPENDENCE SQUARE, PHILADELPHIA, PA.

The Impact Of Inflation On Banking

By CLYDE D. HARRIS

President, First National Bank, Cape Girardeau, Missouri

It is not my intention, nor am I capable of entering into a profound discussion of the causes of inflation. I am interested in considering only the impact of inflation on banking.

Conditions affecting the operation of banks during the five-year period immediately preceding our entry into the present war were as nearly satisfactory as this generation of bankers will ever experience. Freed of the worry of maintaining cash reserves, and the fear of abnormal withdrawals by depositors, bankers were able to devote themselves to developing loans, to conducting sound, profitable banks, and to furnishing a well rounded service to the public. During this comparatively short period the capital structure of well managed banks was substantially increased. Surplus and undivided profits, accounts and reserves ample to meet any contingency were built up.

These favorable conditions for the operation of banks might have been expected to continue had not the greater portion of the world's population become engaged in war. Nothing so disrupts the world's economic equilibrium as war. War brings inflation which is followed by inevitable deflation. Right now our economic stability is threatened by the inflation brought about by the acceleration of our industrial machine in preparation first for defense and now for carrying on the war. Inflation is no longer just a threat, it is a reality. Many do not realize the extent to which it has already progressed. As an example, Bureau of Labor Statistics show that within the past three years average factory weekly earnings have increased 50%; prices on farm products have increased 71%, and the price of all commodities 31%.

Most of us who are managing banks today were in the banking business during the first World War and can remember how prices of farm products increased steadily and continuously until corn was selling at $2 per bushel; wheat at $3; hogs at 18 cents per pound and prime steers at 20 cents. As a consequence of these high prices, the prices paid for farm land almost doubled during the world war period. Most of us can also remember that in the short space of 10 months from August, 1920, to June, 1921, prices of farm commodities tumbled precipitately. The price of hogs and cattle fell to four cents per pound in this brief period. Everyone remembers the effect of this deflation period on banks in agricultural states. From 1921 to 1927 more than half of the banks in agricultural states had closed.

Many are now asking the question whether the stage is being set for a repetition of what happened during and following World War I. Will land prices again respond to the spectacular rise that is taking place in the price of farm commodities?

It may be possible to minimize inflation if drastic enough steps are taken in time. But regardless of all the safeguards that are thrown around us, we must still expect inflation to a lesser or greater extent, followed by deflation. The extent of the deflation will be equal to and in inverse ratio to the extent of the inflation which we have. The old adage that "whatever goes up must come down" is still true. Deflation of prices may be expected wherever there has been inflation and in an approximately equal proportion. If you can tell me where we have inflation today, I can tell you where we will have deflation tomorrow. The feature about deflation that makes it so destructive is the rapid pace at which it moves.

Certainly there is no better way to forestall inflation than through taxation and a wide distribution of War Savings Bonds. If it were possible to divert all the extra income that will be made available because of the war program into taxes, and into investment in Government securities, inflation could be greatly minimized. In other words, the profits arising from our war effort would go a long way toward financing the cost of the war itself if all who receive an increase in income because of the war, whether employer or employee, applied all this increase to paying for the war.

With Government officials, the public press, and numerous other agencies making an effort to enlighten the public to the dangers of inflation, it is probable that we may prevent inflation of the worst type. But is is such a subtle and insidious thing that it creeps upon us before we are aware. The price level does not advance by leaps and bounds, but in a gradual, steady climb. Prices that seemed high a year ago or two years ago now seem perfectly normal. After a while we become accustomed to higher prices and begin to think that the price level will always remain as it is now or perhaps continue to advance. It is only a step to the conclusion that we are living in a new era—in short, that we will never return to conditions as they once were. We adjust ourselves to increasingly higher prices and throw caution to the wind.

I know of no business that suffers more from inflation than does banking. Or, rather, I should say, from the period of deflation which inevitably follows inflation. It is the greatest danger that banking has to contend with. This is true for the reason that banks lend against values—values measured in terms of prices. The danger lies in that we bankers forget that prices which exist today will not exist a year from now. We are too prone to accept existing conditions as permanent. We bankers have been notoriously poor economists. Most of us are not students of economics and know little of the history of prices. Too many of us have gotten into the banking business for some other reason than because we were men of foresight, good judgment, and vision.

Shall we cease making loans because we are in a period of high price levels? The answer is "No." We must continue to do business in order to make enough profits to pay at least our operating expenses. But we can raise our margin requirements. If we loaned up to three-fourths the value of cattle when prime steers were selling at eight cents per pound, we can perhaps loan one-half or less of their present price.

What part can we as bankers play in preventing, or at least in minimizing, inflation?

(1) First of all, we can avoid making loans that tend toward inflation.

(2) We can discourage our customers from making wild and unnecessary investments, such as mortgaging the home farm to buy the farm adjoining it, as was done during the first World War, only to lose both farms later.

(3) In making loans, we can keep in mind how each individual loan will be affected when deflation sets in. If we make each individual loan on a sound basis, we need not worry about the aggregate.

(4) Take advantage of present favorable conditions to eliminate undesirable loans and other undesirable assets. This is a good time to liquidate all slow assets.

(5) Pursue a conservative policy in paying dividends, to the end that we may build up reserves sufficiently large to meet the evil days that are sure to fall upon us.

(6) Banks should endeavor to place themselves in such sound condition that they will not need to call upon Government agencies for help when the next emergency arises.

If banks will observe these practices, there is ample reason for believing that the banks of this country will be able to take the next deflation period in much better stride than they did the last two major depressions. Banks have never been in better condition to meet any emergency that may arise. The fact that we are being so thoroughly educated to the dangers of inflation may go a long way toward minimizing it; for to be forewarned is to be forearmed. Best of all, most banks today are operating under capable and experienced management, management thoroughly awake to the fact that in this day of uncertainty the banker's responsibility is boundless; that on the integrity of his character, the soundness of his judgment, the clearness of his vision, rests in a large measure the story of what tomorrow will bring in personal happiness, community safety and national greatness.

War Finance In Canada

By GEORGE W. SPINNEY

Chairman of the Dominion of Canada's National War Finance Committee and General Manager of the Bank of Montreal

On Sept. 9, 1939, the Canadian people, through their elected representatives in Parliament, decided to declare war on Germany and to join in the fight against Hitlerism. At that time Canada had only 11,000 men in her armed forces, and virtually no war industry.

Today Canada's active Navy, Army and Air Force number nearly 500,000, all of whom have volunteered for service anywhere in the world. Many thousands more are enlisted for home defense and in reserve units.

Today more than 40% of Canada's economic energies have been mobilized into wartime activities, and war weapons and munitions made in Canada are in use by the armed forces of the United Nations in practically every theatre of war in the world.

Supplies from the United States have played a vital role in the building of Canada's war production. In addition, Canada and the United States for some time past have followed joint programs for the defense of the North American continent, for the coordination of war production, and the efficient utilization of raw materials.

The tremendous growth of war activity, and its impact on the Canadian economy, may be measured by the record of dollar outlay for war purposes by the Dominion Government, and by the relationship of these amounts to Canada's national income.

Disbursements of the Government for war and non-war purposes in the last pre-war fiscal year, ended March 31, 1939, and in each fiscal year thereafter, are set out below:

Year Ending March 31—	Outlay in Millions of Dollars Total	War	Non-War
1939	$574	$34	$540
1940	804	235	569
1941	1,680	1,186	494
1942 (Preliminary)	3,027	2,479	548
1943 (Budget)	3,900	3,330	570

Total outlay in the current financial year, ending March 31, 1943, is nearly seven times the level of outlay in the year ended March 31, 1939. Expenditure for war alone comprises over 85% of total outlay in the current financial year.

At the outbreak of hostilities, expenditures for defense purposes were barely 1% of the national income. In 1941, the 35% level was passed. And this year the upward trend continues, the level of 50% lurking just over the horizon. These figures become even more significant when it is realized that Canada's national income this year will probably be about 70% greater than 1938, due largely to increased production and employment.

The magnitude of Canada's contribution to this war is illustrated by the fact that during the war of 1914-18 war expenditures in any year did not exceed 10% of the national income. Further, prospective disbursements for war in the present fiscal year are equivalent to over 85% of the entire national income in the year 1938, and to more than the whole national income in any of the years 1932 to 1935, inclusive.

The mobilization of Canada's resources for war and the fight against inflationary developments have required tremendous increases in taxation and borrowing, as well as the introduction of extensive non-financial controls, such as over-all price control, stabilization of wages and salaries, priorities, rationing, foreign exchange control, and the direction of manpower under a selective service program. Controls of this kind, while new to Canada, and involving great administrative difficulties, in the main are producing the desired results.

Taxation and borrowing have been the main instruments of Government control over civilian spending since the start of the war, although the non-financial

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throughout the wars and depressions of a century. With the exception of two years (1854 and 1878), this sturdy old company has never failed to show a year-by-year increase in assets. It is a significant tribute to the confidence of policyholders during a critical period that total insurance in force is now 40% in excess of that reported on December 31, 1929.

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George Willard Smith, President
The first mutual life insurance company chartered in America—1835

War Finance In Canada

(Continued from page 1082)

controls have multiplied and increased in importance with the steady growth of pressure on Canada's resources of men, materials and machines.

Four budgets have been presented to the Canadian House of Commons since the war began, each of which has pushed taxation to higher levels.

The first war budget in September, 1939, was relatively mild in its tax proposals, as idle resources were present on a large scale and there was no pressing need to discourage civilian spending. Over the next three years production for war surged upward, spendable income in the hands of the public increased greatly, and shortages of resources began to multiply with increasing rapidity. To meet these developments, the second budget in June, 1940, the third in April, 1941, and the fourth in June, 1942, imposed extremely heavy tax increases, all of which were designed primarily to hold down the rising tide of civilian spending.

The proportion of Dominion Government outlay covered by taxation in the last pre-war fiscal year ended March 31, 1939, and in each fiscal year thereafter, is set out in the following table:

(Millions of Dollars)
Year Ending March 31

Item—	1939	1940	1941	(Preliminary) 1942	(Budget) 1943
Total outlay	$574	$804	$1,680	$3,027	$3,900
Taxation receipts	499	535	857	1,462	2,050
Per cent. receipts of outlay	87%	66%	51%	48%	52%
Borrowing needs	75	269	823	1,565	1,850

Taxation in the current fiscal year ending March 31, 1943, is expected to produce four times the volume of income that it did in the last pre-war fiscal year, ended March 31, 1939.

The tremendous expansion in taxation revenue since the war began is due to three causes: first, new taxes have been introduced; second, the rates of existing taxes have been raised and their coverage extended; third, the bases of practically all taxes have expanded due to increased trade, employment and income.

While tax increases have fallen most heavily on persons in the middle and upper income levels, the lower income groups, whose aggregate earnings have increased very substantially as a result of war conditions, have been asked for a relatively large contribution. The severity of the increases in taxation on personal incomes may be seen from the following table which sets out a comparison of personal income taxes payable on various incomes at pre-war rates and at the new rates established by the budget just brought down on June 23, 1942.

INCOME TAX PAYABLE

	Single Man			Married Person—No Children		
		New Budget			New Budget	
Income Level	Pre-War	Total	Refundable	Pre-War	Total	Refundable
$700	Nil	$40	$20	Nil	Nil	Nil
1,000	Nil	172	80	Nil	Nil	Nil
1,250	$11	267	100	Nil	$50	$25
1,500	22	367	120	Nil	217	108
2,500	74	826	200	$22	651	250
5,000	265	2,128	400	177	1,878	500
10,000	940	5,112	800	779	4,762	1,000
50,000	15,330	35,703	800	14,944	34,553	1,000
100,000	40,416	81,137	800	39,921	78,987	1,000
500,000	318,600	473,104	800	317,925	462,954	1,000

Under the new budget, a part of total income taxes is refundable to the taxpayer. The above table shows the amount of total taxes which is refundable at each income level. This refundable portion of total taxes is refundable currently to the extent it is offset by payments in 1942 on account of life insurance premiums, principal payments on a mortgage, and pension fund payments; the balance, if any, being refundable to the taxpayer after the war with accrued interest at 2%. In effect, this refundable feature operates as a minimum savings requirement as it equalizes the base from which voluntary savings start and assures that everybody, in one way or another, saves a reasonable minimum amount during the war years without creating hardship for those who are obligated to save amounts by way of life insurance, mortgage payments, or pension funds.

In the field of corporate taxation, income taxes on corporations in the last pre-war fiscal year ended March 31, 1939, produced about $85,000,000. In the current year it is estimated that income tax on corporations and excess profits tax will produce about $770,000,000. The minimum rate of tax on corporations is now 40% of profits, and the rate of excess profits tax is 100%, of which 20% is refundable to the corporation after the war.

Candians have accepted these tremendous increases in taxation willingly with the knowledge that these policies, while involving short-run hardships, will produce the best results over the longer term.

In addition to these large tax increases, a substantial amount of borrowing has been necessary, and by far the greater part of it has come from non-banking sources.

Public borrowing operations since the start of the war have consisted of four large bond issues which produced $2,075,000,000 of new money, net sales of War Savings Certificates amounting to over $150,000,000 up to July, 1942, and net sales of non-interest-bearing certificates amounting to over $9,000,000 up to the present time.

Each of these four public bond issues was successfully oversubscribed. The Victory Loan operations in June, 1941, and in February, 1942, established new record highs in the dollar amount of bonds sold.

Further, in total number of subscribers, the Victory Loan of February, 1942, exceeded any other public bond issue in the history of the Dominion. The average: one out of every seven people in Canada was a subscriber to this loan.

The date of each of these issues, the amount of bonds sold, new money and conversion, and the number of subscribers, are set out below:

Date of Issue—	(Millions of Dollars) Total	New Money	Conversion	Number of Subscribers
January, 1940	$250	$200	$50	178,000
September, 1940	325	300	25	151,000
June, 1941	837	730	107	968,000
February, 1942	997	845	152	1,681,000

The first two bond issues sold in January and September, 1940, were distributed in much the same manner as pre-war Government loans, individual investment dealers and others being free to compete for subscriptions.

In the period following September, 1940, Canada's war effort experienced sharp expansion and the trend of events indicated clearly that Governmental expenditure for war and Governmental borrowing needs, would continue to increase for some time to come.

Under these circumstances, it became obvious that the Canadian people would have to greatly increase their savings and that an organization sufficiently large to canvass every potential purchaser of Government securities would have to be established for future Governmental borrowing operations.

The third loan, or First Victory Loan, in June, 1941, marked the change-over from the competitive to the cooperative method of selling Government bonds to the public. The organization which was created to distribute this issue involved the cooperative efforts of some 18,000 persons throughout Canada, including about 1,900 persons from the ranks of Canadian investment dealers and brokers. In general, the organizational work and the canvass of large corporate and individual investors was carried out by persons recruited from the staffs of investment dealers and brokers, with the general canvass work being done by the other members of the organization.

Early in 1942, the Dominion Government established the National War Finance Committee. This new committee took over the functions of the committee which had directed the 1941 Victory Loan and the committee which had been entrusted with the task of promoting the sale of War Savings Certificates and Stamps since their introduction in May, 1940. The National War Finance Committee, staffed largely by persons who had previously been associated with the Victory Loan Committee and the War Savings Committee, now has the responsibility of promoting maximum voluntary savings by all classes of Canadians, and of channeling these savings to Government use through the sale of Government securities.

The first big borrowing operation conducted by the National War Finance Committee was the Second Victory Loan in February, 1942.

At the present time, the National War Finance Committee is engaged in establishing an organization in each province throughout Canada which will undertake the sale of Government securities to the public throughout the entire year, this continuous effort to be supplemented, from time to time, by large scale borrowing operations comparable to the First and Second Victory Loans.

From this brief review, it is obvious that war service and war production are now Canada's biggest and most important jobs. Industry has undergone a revolutionary change and expansion. The armed forces are steadily growing in strength, nearly 15% of Canada's adult male population now being in the armed forces. Rates of taxation and public borrowing operations have expanded to unprecedented levels. Direct controls of many kinds have been imposed on the Canadian economy. Civilian wartime living standards are headed downwards.

In cooperation with the other United Nations, Canadians are grimly resolved to make every sacrifice and to bear whatever burdens may be necessary to win this all-out struggle for survival.

Transportation In Wartime

By JOSEPH B. EASTMAN
Coordinator of Defense Transportation

I greatly appreciate the way in which the American Bankers Association has cooperated with the Office of Defense Transportation. Not only has our suggestion been followed that vacations be spread and arranged so as to begin and end in mid-week, but the Association has also called off its annual convention. Instead of the convention, it is printing in this magazine the papers which would have been read at the convention, and I find it a pleasure to add one of my own.

Total war such as we have today brings into action, not only the armies and navies, but the productivities of entire populations and all the resources that nations possess. The one thing that ties all of these activities together is transportation. We cannot fight a war without it, and we cannot fight our best unless transportation functions somewhere near 100% in efficiency.

Our domestic transportation system has come reasonably close to such a performance ever since the beginning of the emergency in 1939. I can say this without boasting, since I have had comparatively little to do with it, for the Office of Defense Transportation was not created until about the first of this year.

The major credit for the excellent performance must go to the carriers and their employees and to the shippers of the United States, who have cooperated so well with the carriers. The railroads did not forget the lessons taught them by the last war. This time they were well organized and had their plans ready. Those plans are based on the proposition that the way to move freight is to keep the cars rolling and that the unforgivable sin is to allow cars to be loaded which cannot be unloaded when they reach their destination, and thus to convert them into storage facilities.

Thus far there has been no breakdown and no serious congestion in domestic transportation. It has done adequately and well all that it has been called upon to do. When our great production programs were first started, many people entertained the fear that the railroads would not be able to do their part. For several years, in the face of declining traffic and a great increase in competition from other forms of transportation, the railroads had permitted their supply of both cars and locomotives to decrease materially. For example, compared with 1929 when traffic was at a peak, freight cars available for service had gone down in number more than 30%, and to a lesser degree motive power had also decreased. Both cars and locomotives seemed old and the impression was widespread that because of the years of poverty, road-bed and track had not been well maintained. In the past three years, predictions have been common that the railroads would not be able to stand up under the strain of the rapidly increasing traffic. Yet in 1941, they set an all-time record of ton-miles of freight carried, and because of the more rapid circulation and efficient use of freight cars in that year, a car was equal to one and one-third cars compared to 1929.

This year the general increase in traffic has continued and in addition the railroads have been put to an extra and a very heavy strain, not only because of the extensive and continuous movement of troops, but also because they have been called upon to carry a great volume of freight which formerly moved by water. For a long time no ships have operated between our East and West coasts through the Panama Canal. The railroads have had to take up the entire burden of transcontinental traffic at a time when our war with Japan has made it exceedingly heavy. In the past, the Eastern Seaboard has been supplied with petroleum mostly by tankers operating on the ocean from Gulf ports. During the week of Pearl Harbor, the railroads carried about 70,000 barrels of oil a day by tank cars to this territory. Today the tankers have largely been withdrawn and the railroads are carrying not far from 800,000 barrels per day, much of it from the remote Southwest. Much of the coal moving to New England has in the past come from Hampton Roads by collier and barge. The submarine menace has impaired that method of supply and the movement of coal by railroad to New England has greatly increased. Many commodities which formerly came into eastern ports by ocean from the Gulf and South America are now moving to Gulf ports and thence by rail to eastern destinations.

A great deal of this diverted traffic must necessarily be hauled long distances. Because of this and the further fact that cars are being loaded on the average more heavily, ton-miles are increasing at more than double the rate of car loadings. The number of car loadings per week is no longer an accurate index of railroad performance. It understates the facts.

You may have seen statements to the effect that there are large accumulations of overseas freight at ports or on the lines leading to ports, thereby creating the impression that the ports are blocked. This is not the case. The ports are in a liquid condition. There are no present accumulations of cars at ports which are in any way alarming. It is true the considerable overseas freight is in storage at the ports and elsewhere. But it is not being held to any important extent in freight cars and so it is not interfering with the domestic movement of traffic.

Freight cars must not be used for storage and they will not be. Storage depots of large capacity have been and are being constructed by the Army; much ground storage made available by the railroads is being used; the storage and warehousing industry of the country has been well organized to give effective aid. You need not be alarmed when you see war products in storage. It does not mean that our transportation system has broken down. From the beginning we knew that it would be necessary to store great quantities of war products in this country, not only to maintain adequate reserves but until deficiencies in overseas shipping could be overcome.

While the railroads have done a splendid job, they would have been in a sorry plight if they had not had the help of their erstwhile foes, the trucks and buses. The trucks of this country have been carrying at least 13% as many ton-miles as the railroads (I believe this to be an underestimate), and much of it is the kind of traffic that is most difficult for the railroads to handle economically and efficiently. The buses have to a large extent taken the place of local railroad trains, and they serve thousands of communities which have little or no railroad passenger service. The fact is, also, that the railroads themselves are among the largest users of trucks and buses. They have woven them closely into their rail operations and their efficiency will drop considerably if they are deprived of the use of such vehicles.

However, the job ahead is bigger and much harder than what has gone before. The primary reason for this lies in the shortage of critical materials. There is not

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A Wartime Investment Policy

(Continued from page 1079)

ber banks, and almost 36% in the case of country banks. Since interest is being paid on time deposits and the rate as a rule is higher in the reserve and country districts than in central reserve cities, it is evident that the investments of the reserve city, and particularly of the country, banks must carry a higher return. The central reserve city banks must also take into consideration the fact that they are bankers' banks and that, therefore, their daily swing in deposits percentagewise is bound to be greater than that of banks located in smaller localities. Central reserve cities, therefore, have endeavored to hold a considerable proportion of their total Government securities in shorter-term obligations. In fact, at the end of December, 1941, of the total Government holdings of New York City member banks, including direct and indirect obligations, 50% consisted of bonds, 22% of notes, and 4% of bills. On the other hand, of the total direct and guaranteed obligations held by the country banks, 67% consisted of bonds. The banks in the central reserve cities will continue the same policy.

The problems that confront reserve city banks are approximately the same as those confronting the banks located in the large financial centers. However, since their volume of time deposits is larger and since their deposits are not subject to the same swings, they are in a position to buy a larger amount of medium-term obligations.

Both types of institutions should endeavor to diversify their Government holdings with maturities of one to 10 years. The banks in the central reserve cities will lay more emphasis on the shorter maturities while those in the reserve cities can absorb a larger amount of longer maturities. In each case the percentage of longer or shorter maturities will depend on the position of the individual institution and on the amount of earnings desired by the management.

The country banks of necessity will buy a larger percentage of longer-term maturities. Based on the type of securities outstanding now, these institutions would be well advised to diversify their maturities from one to 12 years with a return ranging from three-eighths of 1% to 2¼%. This statement does not imply that institutions should not hold longer maturities. However, since the difference in yield between a 12-year maturity and a 25-year maturity is relatively small it is doubtful whether banks would reach out for the longer maturities. Furthermore, thus far the Treasury has offered to the banks medium-term obligations and has relied on insurance companies and savings banks to absorb the obligations with a maturity of over 12 years.

The amount to be invested in each maturity will depend on the type of deposits of an individual bank and upon the composition of its assets. Institutions operating with time deposits and whose assets consist only to a small extent of mortgages may invest a larger proportion in longer-term obligations. A carefully thought through policy of maturity distribution offers a high degree of liquidity combined with safety and satisfactory earnings.

The shorter maturities can be converted into cash without any loss and thus afford a high degree of liquidity. The longer maturities while subject to moderate fluctuations offer a satisfactory return.

The war period should be utilized by the banks to put their assets in as strong a position as possible. A sound portfolio is always advisable but has never been so necessary as at present when the future is so uncertain and when the ratio of capital accounts to earning assets is decreasing at a rapid rate. As a rule, banks should invest only in high-grade obligations.

In this connection the question often arises as to whether they should buy AAA corporate bonds or Government obligations. As a general rule one may state that the best AAA corporates should yield at least one-half of 1% more than Government bonds with a comparable maturity. There is no credit risk attached to the latter, they are eligible for discount at the Reserve banks (at present at par) and thus can readily be converted into cash. Furthermore, as is well known, the Government bond market in periods of stress is supported by the Federal Reserve authorities whose open market operations have been in part directed toward keeping Government securities orderly.

Medium-grade bonds should never have a place in a bank's portfolio. It would, however, be inadvisable to liquidate them entirely without analysis. Medium-grade obligations of those corporations whose credit position has improved as a result of the war and whose outlook for the future is satisfactory should be kept for now.

Banks hold considerable amounts of mortgages as well as real estate. Real estate obviously is not a satisfactory bank asset and should be liquidated as fast as is possible. As regards mortgages, the increased national income should be utilized by the financial institutions to accelerate the amortization. Such a measure, on the one hand, strengthens the mortgage and, on the other, reduces purchasing power, thus counteracting the forces of inflation. FHA mortgages in moderate amounts, properly serviced, are satisfactory investments for banks, particularly those operating with savings deposits.

Banks also could during the present period readjust their Government holdings to obtain the desired maturity distribution. Before deciding on a definite investment policy the management of each bank should ask itself the question: "In what position should my institution be when the war is over?" A bank will find itself in a very favorable position after the war if its earning assets are composed of sound loans, Government securities well distributed as to maturity, other high-grade obligations to which there is very little or no credit risk attached. The smaller institutions, particularly those which have time deposits, may add a well selected list of mortgages properly amortized and FHA mortgages. An institution which adopts its policy along these lines will be in a position not merely to meet any emergency that may arise in the future but will be in a position to finance the legitimate needs of its customers.

Although every effort is being made to finance the deficit of the Government through the sale of War Bonds to ultimate investors, the banks will be called upon to absorb a huge amount of Government securities. The existing excess reserve balances and those that will be created by the Reserve authorities through open market operations or through the lowering of the reserve requirements, will enable the banks to meet all the needs of the Treasury at about the prevailing rates of interest. Government securities are the safest assets a bank can acquire, and the only risk attached to them is that they are subject to fluctuations. These are bound to be only moderate in character, however, during the war and for a considerable period after.

The acquisition of Government securities by the banks should follow a definite policy based on a careful study of the composition of the assets and liabilities of each institution. A sound investment policy requires that a bank be able to meet the withdrawal of a certain amount of its deposits without being forced to sell medium—or long-term obligations. This can be achieved by spreading the maturities over a period of several years.

The increase in investments will be accompanied by a corresponding rise in deposits and by a reduction in the ratio of capital accounts to earning assets. The smaller this ratio is, the greater is the necessity to improve the quality of the existing assets. A bank should never sacrifice quality for a high return and those assets considered unsuitable for bank investments should be gradually liquidated. The sale of such assets, bonds as well as real estate, to ultimate investors is now more desirable than ever, because in addition to strengthening the banks it leads to a reduction in deposits.

The war will bring in its wake great economic and social changes. It has already increased the productive capacity of the country, stimulated the production of new materials and caused great dislocations in industry and trade. A strong banking system is a prerequisite to a sound national economy. The assets of the banks are already sounder than perhaps ever before, and are constantly being improved. This will enable them not merely to meet any emergency that may arise but also to assist in the conversion of our industries to peacetime production after the war and to finance the huge volume of production and consumption of civilian goods that we may rightfully expect to take place, once law and order prevail in the world.

Effects Of The War

(Continued from page 1078)

ital need greater than if the bank is very liquid.

Within the past decade the assets of banks have changed markedly. A smaller proportion is in loans, a larger part in cash and government securities. Mortgage and corporate security holdings are reduced. It is true that the capital funds are smaller, but the risk to be covered is much less.

The problem is complicated by the virtual absence of a market for bank stock. Bank earnings and earnings prospects have not been such as to attract new investment money. New capital must be earned.

A commonsense general view, and recognizing sharp differences between banks, is that this situation is not alarming but does suggest certain precautions:

1. Banks need to husband their capital by conservative dividend policies.

2. Venture assets, old and new, should be scrutinized closely, while doing vigorously the war lending required.

3. Maturities of securities, even governments, should be relatively short.

4. Earnings should be adequate to provide a steady increase in capital and reserves.

Banks, of course, are not wholly the masters of their earnings. They are between the upper millstone of low money rates and the nether millstone of high taxes.

But even at present rates of interest and with the taxes now suggested, the prospective added volume of government holdings should yield enough income for most banks to retain something close to their recent rates of earnings, enough to show some small increase in capital funds against a large increase in government holdings. It is not a very pleasing prospect. It is no bed of roses and calls for careful management. But this is not a period when any business can be free of risks. When the whole country faces the hazards of war the banker must face his hazard as well.

In the whole program the major risk is not to the banks as such. The principal danger is that this huge outpouring of buying power, this prodigious expansion of bank credit, will force up prices and the cost of living—in other words, will bring inflation upon the country.

We have been living with this fear so long that we have become a little hardened to it. We comfort ourselves with the thought that nothing serious has happened yet. But inflations are cumulative and the present course of the economic trends is painfully like that of the first World War.

The inflation forces are so cosmic, such a broad stream of movement both political and economic, that we seem almost helpless before them. Much of it is largely outside the realm of the banker. This inflationary surge, for example, comes when wage earners have just been winning a hard-fought political struggle for higher wages, shorter hours, more recognition, when farmers have been gaining some control over too-long depressed farm prices. These movements run head on into inflation controls. That is a political situation about which the banker can do very little. The amount and character of taxation are also at the core of the inflation problem. The banker as citizen shares responsibility with others in these areas, but they are not in his special field.

But one responsibility lies directly at his door. It is the sale of government securities outside the banks in the greatest possible amounts to lessen bank credit inflation. Bankers are way out in front in getting this job done. They have made a fine start both in their own offices with their customers and in giving leadership to the War Savings Bond organizations and the Victory Fund committees.

We bankers shall have to be ready to buy for our banks the bonds not sold to others. But that is in many ways the easiest part of our task. Our greatest responsibility is selling bonds to the people.

Wartime Transportation

(Continued from page 1083)

enough rubber, steel, copper, and other materials to go around. We must bear in mind that this country is engaged in the most gigantic program of production in history. It is creating, mechanizing, and arming great military forces of its own. It is providing armaments and supplies for our allies. It is building great numbers of ships which can carry the troops, the armaments, and the supplies to the uttermost parts of the earth. It is creating great naval and air forces which can protect these ships against submarines. It is building plants for the manufacture of synthetic rubber to take the place of hundreds of thousands of square miles of rubber plantations which are now in the hands of the enemy. There are just not enough of these critical materials. Necessarily, some needs must suffer.

The War Production Board, which has the prodigious task of allocating the critical materials among needs which greatly exceed the supply, is banking on the ability of the railroads to carry on and do the ever-increasing work which lies ahead without any like expansion of facilities. This confidence is flattering to the railroads and to my office and I sincerely hope it is justified. Certainly, we shall all do everything in our power to justify it and I know that there is much that can be done.

Investment Trusts

(Continued from page 1071)

potential leverage (reserve buying power) of the Fund now held in Government bonds and cash is enough to increase the invested position of the buyer from $1,489 per $1,000 of investment to $2,343 per $1,000 of investment.

The on-balance purchases reported were spread over 65 separate issues of commons, preferreds and bonds. For those interested in a list of the individual securities, it is suggested that inquiry be directed to Lord, Abbett & Co., Inc., 63 Wall Street. Ask for the Sept. 17 issue of *Abstracts*.

* * *

The American Business Shares *News Letter* of Sept. 16 advises, "Buy diversification and management when buying securities." New additions to the portfolio in August were American Tobacco, Woolworth, Harvey Hubbell, American Telephone 3s, 1956. Increases were made in holdings of Commercial Investment Trust, Continental Oil, Crown Cork & Seal, Cutler Hammer, General American Transportation, Goodrich, Gulf Oil, Macy, Pure Oil, R. J. Reynolds, Chesapeake & Ohio, American Water Works 6s, 1975, Associated Electric 4½s, 1953, Electric Power & Light 5s, 2030. Eliminations were Great Northern 5½s, 1952, and Kansas City Southern 5s, 1950, while holdings of New York Central 3½s, 1952, were decreased.

* * *

"How much protection for dividends?" asks the current issue of *Keynotes*. A chart is shown to compare the estimated dividends of four stock groups with their estimated net earnings **after taxes** this year.

"Despite the generally lower trend," adds the bulletin, "there is still a generous margin of protection for current dividend payments." The dividend and earnings estimate given apply to the four groups of stocks represented in Keystone Custodian Funds Series "S1," "S2," "S3" and "S4" and are as follows:

Dividend and Earnings Estimates for 1942 (% of current market)

*Stk. Group—	Divs.	Earns.
"S1"	5.4%	7.4%
"S2"	8.5	16.2
"S3"	5.2	14.2
"S4"	3.8	19.4

*Stocks held in Series indicated.

In conclusion, the bulletin states that, "Since current prices apparently reflect over-pessimism taxwise, improvement in stock prices seems highly probable. Waiting until good news is known has never been as profitable as knowledge and foresight."

* * *

Manhattan Bond Fund's September report on investment holdings also contains a table showing the year-by-year growth record of the Fund. Here it is:

Date—	Net Assets
July 1, 1938	$36,014.21
July 1, 1939	2,828,227.80
July 1, 1940	5,661,312.19
July 1, 1941	8,242,883.46
Sept. 1, 1942	9,603,928.60

The Nashville, Chattanooga & St. Louis Ry. 1st 4s, 1978, have been added to the list approved for purchase by the Fund.

NYSE Workers Will Do Own Bargaining

The New York Stock Exchange will recognize collective bargaining in labor relations for the first time in its history, as a result of an election held by the Exchange's Independent Employees' Association under the auspices of the National Labor Relations Board. The Employees' Association won the election to represent floor employees as collective bargaining agent by a vote of 367, with five votes cast for no union organization. The Association is affiliated with neither American Federation of Labor nor the Congress of Industrial Organization.

CANADIAN

Government, Municipal and

Corporation Bonds

F. B. ASHPLANT & Co.

Two Wall Street Rector 2-1545

NEW YORK

Bell System Teletype—NY 1-69

VIRGINIA

Wire Bids on

VIRGINIA—WEST VIRGINIA

NORTH and SOUTH

CAROLINA

MUNICIPAL BONDS

F. W.

CRAIGIE&CO.

RICHMOND, VIRGINIA

Bell System Teletype: RH 83 & 84

Telephone 3-9137

FLORIDA

FLORIDA

MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R. E. CRUMMER & COMPANY

1ST NAT BANK BLDG CHICAGO ILLINOIS

Municipal News & Notes

Municipal men are not likely to submit any alternative proposals to the rule propounded by the Securities and Exchange Commission, which would require over-the-counter dealers to disclose to customers the best independent bid and asked quotation before each transaction, according to general opinion.

While the municipal men are not expected to offer any suggestions, it is definitely expected that proposals will be offered by corporate dealers, presumably through the National Association of Securities Dealers, Inc.

Leaving aside the question of legality, municipal men are of the opinion that the rule is impractical. They maintain that the field in which to endeavor to obtain the best independent bid and asked prices was practically limitless. A check, they say, through hundreds of dealers in various cities might well fail to reveal the best bid and asked quotations.

It is contended that the bookkeeping expense involved in complying with the rule also would be large and further narrow the small margin of profit now obtained, with the result that many dealers might be forced out of business.

The point also is made that the rule would not work to eliminate operations of a dishonest dealer. Such a dealer, it was asserted, could check several houses in quest for the best quotations on a specific bond, but deliberately neglect to contact firms more closely identified with markets on that security.

N. Y. Port Authority Tax Status Awaits Action

Test action of the U. S. Treasury Department to determine the tax status of obligations of the Port of New York Authority is expected to be ready for court action in the next month or two. The ruling in this case is understood to have an important, albeit indirect, influence on the general standing of municipal securities. While the litigation will come before the lower court in New York City later this year, it is felt that a final decision may not be reached for some time, as the matter will undoubtedly be carried to the Supreme Court.

This case originated in March, 1941, when the Treasury Department sent deficiency tax notices to seven bondholders of the authority who did not include interest from the bonds in their tax returns filed March 15, 1938. It was then stated that the move was intended as a test action on the part of the Treasury to determine the income tax status of the obligations of the authority and similar public corporations.

At that time the Treasury was quoted as saying that if its position were upheld by the Supreme Court it would ask Congress to abate payment of back taxes, to exempt outstanding issues from taxation and to begin taxation of future issues.

The entire matter could be dropped by the Treasury should it succeed in its attempt to have Congress enact legislation which would tax future State and municipal issues. Such moves thus far have been unsuccessful and no such clause is looked for in the revenue bill currently pending.

N. J. Governor Asks Vote On New Charter

Governor Charles Edison called last week for a showdown vote at the general election in November on whether the people of New Jersey desire a revision of the State's 98-year-old Constitution.

Declaring that a long line of Governors could "testify from personal experience that our 98-year-old Constitution fosters wasteful, complicated and irresponsible State Government," Edison said he was confident that the hearing committee would recommend to the Legislature that the question of revision be placed on the November 3 ballot.

Phila. Saves $18,000,000 Interesting by Refunding

Philadelphia has saved $18,000,000 in interest charges on the city's bonded debt by refunding $83,398,200 of callable municipal bonds.

The saving indicates economies possible for cities which sold bonds with the "call" feature several years ago at high interest rates then prevailing, the Municipal Finance Officers Association reports.

Now these cities can — as did Philadelphia—call in bonds paying 4 and 5% interest and refund—or re-issue—them at the present low interest rates of 2 to 2.15%.

In June, 1941, holders of Philadelphia bonds from 30 different issues—callable from 1942 to 1947—were offered opportunity on a "first come, first served" basis to exchange their bonds for new ones, to be retired annually from 1943 to 1950.

The new bonds were to bear the old rates of interest—4 to 4½%—up to the first call dates of the old bonds, and a lower rate—2¼ to 3¼%—thereafter. Thus bondholders would have the full equivalent of the old bonds until they were subject to redemption by the city, and thereafter would have tax-exempt bonds for an assured period at a fixed interest rate.

Of the eligible bonds in the hands of the public, 62.65% were exchanged by the deadline for refunding, which was June 15, 1942, and the average rate of interest was reduced from 4.227 to 3.085%.

From the time the reduced interest rates become effective until the new bonds mature, the interest on the new bonds will total $56,226,328, whereas under the old rates the city would have paid $75,829,814 interest during the same period. The actual saving in intrest cost is $18,082,424, since $7,906,200 of the refunding bonds were held in municipal sinking funds.

Va. Special Session On Debt Liquidation

Governor Colgate W. Darden, Jr., after a conference with Senate and House leaders and State officials, issued a call for a special session of the General Assembly to convene at noon next Tuesday, Sept. 29, to consider a plan to liquidate the State debt.

The Governor gave no details of his plan in his brief public statement last week, but the unobligated surplus in the general fund of the treasury and funds in the hands of the Sinking Fund Commission now far exceed the total of the State debt.

The State's indebtedness payable from the general fund is now $14,731,000. In addition bonds outstanding payable from highway funds amount to $3,428,000. This makes a total indebtedness of $18,159,000. However, against these obligations there is a large, but officially undisclosed balance in the hands of the Sinking Fund Commission.

The State's unobligated surplus in the general fund amounts to $18,639,880.

San Francisco Seeks Market Street Railway

At the general election in November, the voters of San Francisco, Calif, will pass on a proposal to issue $7,950,000 revenue bonds, the proceeds of which would be used to finance the purchase of the Market Street Railway in that city. The bonds would be retired from future earnings of the railway. A simple majority vote can pass a revenue bond issue, whereas a two-thirds majority is required for general obligation bonds.

Canada's Third Victory Loan

With an objective of $750,000,000, subscriptions will be opened Oct. 19 on Canada's Third Victory Loan, it was announced last Friday by Finance Minister Ilsley. The Second Victory Loan, sold last February, was for $600,000,000, but over $950,000,000 was subscribed.

Missouri Old Age Pension Plan Up For Vote

At the general election on Nov. 3 the voters of Missouri will pass on a proposed constitutional amendment to set aside $29,000,000 annually, or $58,000,000 for the biennium, out of the State General Revenue Fund for old age assistance and aid to dependent children payments.

Municipal Forum Meeting Friday

Dr. Marcus Nadler, professor of banking and finance at New York University, will address The Municipal Forum of New York at its first luncheon meeting of the Fall tomorrow, Sept. 25. Dr. Nadler's topic will be "The Present Economic Situation and the Outlook for Interest Rates."

Interest Exempt from Present Federal Income Taxes
Exempt from Commonwealth of Massachusetts Taxes

$8,286,000

Boston Metropolitan District

MASSACHUSETTS

1¼% Bonds

Due serially October 15, 1943 to 1967, inclusive

Legal Investment, in our opinion, for Savings Banks in New York and Massachusetts

These Bonds, to be issued to provide funds for the purchase by the District of $8,286,000 bonds of the Boston Elevated Railway Company, in the opinion of counsel will constitute valid, direct and general obligations of the District for the payment of which its full faith and credit are pledged; and taxes on behalf of the District, of which neither the rate nor amount is limited by law, are to be on an ad valorem basis and levied through the Treasurer of the Commonwealth of Massachusetts. All amounts received by the District from interest upon the bonds of the Boston Elevated Railway Company purchased by the District are to be applied to the payment of principal and interest of these bonds and bonds heretofore issued under Chapter 567 of the Massachusetts Acts of 1941.

Prices to yield 0.50% to 1.70%

These bonds are offered when, as and if issued and received by us and subject to the approval of interest rate and maturities by the Massachusetts Department of Public Utilities and to the approval of legality by Messrs. Ropes, Gray, Best, Coolidge & Rugg, Boston, Mass., whose opinion will be furnished upon delivery.

HALSEY, STUART & CO. Inc.
LEHMAN BROTHERS
BLAIR & CO. INC.
PHELPS, FENN & CO.
DICK & MERLE-SMITH
B. J. VAN INGEN & CO. INC.
BACON, STEVENSON & CO.
COFFIN & BURR INCORPORATED
KEAN, TAYLOR & CO.
HORNBLOWER & WEEKS
GEO. B. GIBBONS & CO. INCORPORATED
OTIS & CO. (INCORPORATED)
TUCKER, ANTHONY & CO.
ARTHUR PERRY & CO. INCORPORATED
SCHOELLKOPF, HUTTON & POMEROY, INC.
NEWBURGER, LOEB & CO.
ALFRED O'GARA & CO. Chicago
EDWARD LOWBER STOKES & CO.
H. C. WAINWRIGHT & CO.
WILLIAM R. COMPTON & CO. INCORPORATED
MULLANEY, ROSS & COMPANY Chicago
DANIEL F. RICE AND COMPANY Chicago

Dated October 15, 1942. Principal and semi-annual interest, April 15 and October 15, payable in New York and Boston. Coupon bonds in denominations of $1,000, registerable as to principal only. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

September 24, 1942.

Calendar of New Security Flotations

OFFERINGS

BURLINGTON MILLS CORPORATION

Burlington Mills Corporation has filed a registration statement with the SEC covering 50,000 shares of cumulative convertible preferred stock, $2.50 series, without par value; stated value, $50 per share, and 113,637 shares of common stock, $1 par value, including scrip certificates for fractions of shares

Address — 301 North Eugene Street, Greensboro, N. C.

Business — Corporation and subsidiaries are engaged in manufacturing woven fabrics from rayon yarns and rayon mixtures, and to some extend from cotton yarns, and in manufacturing to some extent full fashioned hosiery; throwing and dyeing rayon, cotton, and silk yarns; dyeing and finishing cloth and knitted fabrics, and selling the manufactured goods

Underwriting—Principal underwriters are Lehman Brothers, New York; Wertheim & Co., New York; A. G. Becker & Co., Inc., New York; Union Securities Corporation, New York; Hallgarten & Co., New York; R. S. Dickson & Co., Inc., New York, and Merrill Lynch, Pierce, Fenner & Beane, New York. The amounts which the underwriters will subscribe will be furnished by amendment

Offering—The offering price of the $2.50 series preferred stock will be supplied by amendment. The 113,637 shares of common stock are reserved for conversion purposes

Proceeds—The net proceeds from sale of the preferred stock will be added to the general working funds of the company

Registration Statement No. 2-5043. Form A-2 (9-15-42)

Corporation on Sept. 22 filed an amendment to its registration statement fixing the price at which the preferred stock is convertible into the common stock at $21 per share of common stock. The redemption price was also fixed at $53.25 per share if redeemed at or prior to Sept. 1, 1946 and at $52.25 per share if redeemed at any time thereafter, plus accrued dividends in each case

Lehman Bros. and associates offered the stock to the public on Sept. 24.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, SEPT. 27

UNIVERSITY CLUB OF CHICAGO

University Club of Chicago has filed a registration statement with the SEC for $802,500 principal amount of 4% debentures due Sept. 30, 2105

Address—76 East Monroe Street, Chicago, Ill.

Business—The club has operated since its organization in 1887 and intends to continue to operate as an organization for educational, social and fraternal purposes. It has no capital stock and is not operated for pecuniary profit but is operated solely for the benefit of its members

Offering—At the time of construction of the club building presently operated by the club there was organized under the laws of the State of Illinois, a stock corporation known as the University Auxiliary Association. The shares of that corporation were largely subscribed by members of the club and the association used the funds so obtained for the construction of the club building. The club now proposes to offer its 4% debentures—being the securities registered hereby—in exchange for the outstanding shares of the association, other than shares of the association owned by the club, and upon acquisition of such shares, or such proportion thereof as shall be approved by the board of directors of the club, to cause the association to be dissolved and liquidated.

It is considered that the issuance of the 4% debentures of the club in such exchange is a "reorganization" within the purview of the definition of that term set forth in paragraph 5 (1) of the rules as to the use of Form E-1 as constituting "the exchange of securities by the issuer thereof for securities of another issuer." The club proposes to offer its 4% debentures in exchange for shares of the University Auxiliary Association on the basis of $100 principal amount of debentures for each share of the Association of $100 par value, other than shares of the Association owned by the club

Registration Statement No. 2-5042. Form E-1 (9-8-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Sept. 10, 1942 to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). Company states that $50,000 in maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Registration Statement effective 1 p.m., EWT on Aug. 1, 1942 as of 5:30 p.m. EWT July 18, 1942

(This list is incomplete this week)

Chase Bank Celebrates 65th Anniversary

(Continued from first page)

Dec. 27, 1877, showed deposits of $615,686, which compare with $3,595,451,030 on June 30, 1942. The bank's investments in United States Government obligations when the first statement was issued amounted to $125,000, whereas the latest published total was $1,573,405,156. Similarly, loans and discounts were $652,516 in 1877 compared with $822,753,458 in mid-year of 1942.

When the Chase National Bank was organized in 1877, John Thompson was 75 years old, and his record for financial sagacity was well known. The principal interest in the new bank was owned by Mr. Thompson and his son, Samuel C. Thompson, who became its first President. There were three other original stockholders, whereas today the stock of the bank is owned by more than 92,000 shareholders. Furthem facts incident to the bank's development are made available as follows:

When it opened for business on Sept. 20, 1877, the Chase National Bank occupied temporary quarters at 117 Broadway, but a few months later the bank was moved to the first floor of the high-stooped, three-story building at 104 Broadway. Here, according to accounts written at the time, one might see the venerable John Thompson at his desk near the door, a quaint figure to those who were not familiar with the dress and manners of an earlier generation. Home-knitted woolen stockings were freely displayed, the linen was immaculate but of the fashion of 1850. The collar was of the type known in Civil War days as a "dickey." At three o'clock regularly each afternoon he started for home, taking the Madison Avenue stage which was one of the principal methods of transportation uptown in that era.

When the Chase Bank welcomed its first depositors, there were four clerks on the staff to handle the business. Today, more than 6,000 men and women are employed in the Chase organization. During the war period upward of 700 men from the bank's staff have entered the armed services of the United States and their places have been filled principally by women.

Other facts which the anniversary of the Chase Bank brings to attention, one of which relates to the passage of the National Banking Act, are indicated as follows:

For many years prior to the Civil War and for a period thereafter, John Thompson published Thompson's Bank Note Reporter, which was a principal source of information on the value of currency issued by State banks throughout the country. Prior to the passage of the National Banking Act in 1863, it will be remembered, State banks issued notes, and the value of those notes varied according to the soundness of the individual banks. This fact made it necessary for the public to protect itself, so far as possible, by keeping constantly informed of current quotations on the various notes.

As Secretary of the Treasury, Salmon P. Chase won a long fight to secure passage of the National Banking Act which, with some supplementary legislation passed a few years later, finally brougt an end to the issuance of currency by State banks. Naturally, Secretary Chase was greatly admired by Mr. Thompson, who long had been an advocate of a unified currency system.

The head office of the Chase is located in the bank's building at Pine and Nassau Streets, with the trust department housed in the former Equitable Trust Building at 11-15 Broad Street, also owned by Chase. There are 32 branches in New York City and nine branches outside the United States, most of them in the Caribbean area.

Winthrop W. Aldrich is Chairman of the Board of Directors and H. Donald Campbell is President of the bank. In view of wartime conditions, no special recognition of the anniversary is planned at the bank.

Our Reporter On "Governments"

(Continued from First Page)

are considered keynoters of the market. . . . But notes. . . . And the question arises as to whether purchase of some of these notes at below par is not a wise move at this time. . . .

Here they are:

The ¾s, due Sept. 15, 1944. . . . At around 99½. . . .
The ¾s, due Dec. 15, 1945. . . . At around 98⅞. . . .
The 1s, due March 15, 1946. . . . At around 99⅛. . . .
The CCC 1⅛s, due Feb. 15, 1945. . . . At around 99⅞. . . .

Admittedly, all these notes are taxable. . . . Admittedly, any purchaser of them must look forward to paying a capital gains tax at maturity date. . . .

But the upward swing in interest rates in the short-term market now appears to be over. . . . That's the first important point. . . .

And the fact is that purchasers of high-coupon bonds, tax-exempt or taxable, must look forward to heavy amortization programs and possibly other tax factors nullifying the advantage these have over discount bonds. . . .

It's a good idea to get a discount bond—that you bought at a discount—on your books now and then. . . . The opportunities happen rarely. . . .

Of all the notes at a discount, the 1s of March 15, 1946, appear most attractive, for they bear the highest coupon and sell almost a full point below par. . . .

Also, if you're interested in the note market generally, you might consider building up your position in the new 1¼s while they're still right around the par level. . . . Premium at the moment is only 2/32. . . . It won't be much more, but it should get up a bit. . . . Maybe to 4 or 6/32 or around there. . . .

THE TAX ANTICIPATIONS

Secretary Morgenthau's tax-savings system is the most generous of any Treasury in the world. . . . No other nation, as a matter of fact, offers a combination savings-interest plan that even compares with ours. . . . The new Series A notes, at 1.92% interest for a three-year maturity, of course, are for smaller taxpayers. . . . Purchases limited to $5,000 in any one year. . . . The new Series C notes, at 1.07% for a three-year maturity are for big investors, institutions and individuals. . . . And they're so much more attractive than the last series of tax-savings notes, that again, comparisons are unproductive. . . .

Incidentally, the boost in interest available on the tax savings notes for big taxpayers reflects the tightening which has occurred since January in the short-term market. . . . On first series, called "Bs," the interest was 0.48%. . . . On this one, the "Cs," the interest is 1.07%. . . .

Notes are a good buy, should bring out the huge amounts of cash corporations are earmarking for tax payments in 1943. . . . Recommended highly on an investment as well as tax savings basis. . . . Notes are eligible for collateral behind a loan. . . . If turned in for taxes by any holder except a bank that accepts demand deposits, the owner gets purchase price plus interest. . . .

These are good. . . . Offer is generous. . . . Sales? Well, on Series A notes, Treasury did badly in first nine months of plan. . . . Sold $82,000,000, received back $17,000,000 in taxes, still has $65,000,000 outstanding. . . . Chances are sales will go way up, may double if enough little taxpayers are educated to the virtues of the notes plus the idea of saving for taxes. . . .

On Series C notes, response should be tremendous. . . . Victory Loan Committees, various bond selling agencies are going to get behind them. . . . Response in first nine months to Bs indicated total sales of $4,861,000,000, tax payments in form of notes of $1,186,000,000, leaving $3,675,000,000 outstanding. . . .

Guess is in next few months twice as many Cs will be sold. . . . Maybe $1,000,000,000 will be sold in next 30 days alone. . . .

INSIDE THE MARKET

Market dull as usual. . . . Stability of prices in face of all news, all financing jobs, all developments is still something wonderful to behold. . . . Except that there's not much profit in trading—or even in keeping the wires open for investment orders—these days. . . . And dealers feel this deeply. . . .

August war expenditures totaled $5,182,000,000, as compared with $4,794,000,000 in July, rise of 333.3% over that month a year ago. . . .

Reserve Board will cut requirements of New York and Chicago banks by another 2% soon, ending spread between requirements of these banks and other banks in similar reserve classification. . . .

Next will be general cut in requirements for country. . . . It's coming. . . . As Board cut requirements of New York and Chicago banks a few days ago, Reserve bulletin carried story saying Treasury would borrow $4,000,000,000 a month during rest of fiscal year. . . . Figure that out in terms of bank reserves and you'll know what's the trend in requirements. . . .

Still much talk around about what bond maturity and coupon will be the Treasury's choice next month. . . . Some feeling that a 2¼% bond, talked of by a few informed sources, won't be tried because issue would hurt outstanding 2s. . . . And the Treasury has been trying for months to get the 2s to stand on their own. . . . Federal Reserve Open Market Committee reported against a 2¼% bond at this point. . . .

As of today, there are $6,204,000,000 certificates of indebtedness outstanding and $8,189,000,000 notes outstanding. . . . Enough short-term stuff to keep market in good liquid shape. . . .

UP-TOWN AFTER 3

PLAYS

"Show Time," a vaudeville show, presented by Fred F. Finklehoffe at the Broadhurst Theatre, N. Y., with George Jessel, Jack Haley, Ella Logan, the DeMarcos, the Berry Brothers, Bob Williams, Lucille Norman, Olson & Shirley and Con Colleano.

Since the first of the variety shows opened on Broadway there has been an influx of vaudeville hoping to cash in on the revival. Some of them were good, some just so-so and others just plain bad. It wasn't until Fred Finklehoffe, who helped write "Brother Rat," came East with his "Show Time" that variety began to look up again. "Show Time" has real performers who know show business and their way around a stage. Jessel's performance (he's seldom off the stage) is tops. Almost everybody has seen or heard Jessel's phone conversation with his mother, still his showmanship is so good even his old material leaves the audience limp from laughter. Jack Haley's style is a perfect foil for Jessel. Haley, who also knows how to tell stories and do the little bits of business which make for good showmanship, is always amusing. In "Show Time" he outdoes himself. His operatic version of "Chattanooga Choo-Choo," or his reading of a letter he received from the draft board, are comic gems. Ella Logan, the Scotch burr present in her husky voice, almost brings the house down with her "Tipperary." The DeMarcos skim gracefully and beautifully through their dance interpretations. Bob Williams, of the infectious grin and lazy dog, soon has his audience eating out of his hand. Lucille Norman sings pleasantly. The Berry Brothers, the colored dancing trio who have been seen in many movie musicals, knock themselves out with fast steps. Con Colleano does the impossible on a wire rope. Olsen & Shirley, a handsome couple, do acrobatic steps with skill and abandon. Its a well rounded show, superbly performed by some of show business's master craftsmen. Of course, as Jessel succinctly put it, "If God forbid, you should happen to miss it, you don't have to shoot yourself." But if you want laughs piled on laughs, then "Show Time" is your dish.

THE MOVIES

There have been times when Hollywood tried to make what it called "starless" pictures. Other times it made pictures with lots of stars. But until somebody else comes up with something new, **20th Century-Fox's "Tales of Manhattan"** will stand out as the movie in which every part starring, featured or supporting, is handled by a star. In a series of five sequences the actors get an opportunity to romp across the screen in drama, melodrama, comedy, tragedy and fantasy. If there is a star in **"Tales of Manhattan"** it's an elegant tail coat which travels through the nation's social scale bringing good luck to some and disaster to others. It's first delivered to Charles Boyer, a philandering matinee idol, who is shot by Thomas Mitchell because of attentions to his wife, Rita Hayworth. Coat is sold by Boyer's butler, Roland Young, to Eugene Pallette, butler to Cesar Romero. Because of some letters Romero's fiancee, Ginger Rogers, jilts him and marries best men, Henry Fonda. Tail coat turns up in pawnshop where Elsa Lanchester buys it for her hushand, Charles Laughton, to wear in his debut as conductor of own symphonic composition. Coat tears and audience howls with laughter. But Victor Francen comes to the rescue and audience, sympathizing, shed coats. Struggling composer has a triumph. Coat is now in Bowery Mission run by James Gleason, who persuades a bum, Edward G. Robinson, to wear it to class reunion at Waldorf-Astoria. Coat impresses classmates and he gets new start. Finally, the coat is stolen by crooks, who wear it to holdup. A fire breaks out in plane used by escaping crooks and coat, stuffed with money, is thrown out. It lands at feet of Negro sharecroppers, Paul Robeson and Ethel Waters. It's a well conceived picture, expertly handled and well acted. The two producers responsible, Boris Morros and S. P. Eagle, were two years in getting the story and the cast together. Ten of the screen's best writers, Ben Hecht, Ferenec Molnar, Donald Ogden Stewart, Samuel Hoffenstein, Alan Campbell, Ladislas Fodor, L. Vadnai, L. Gorog, Lamar Trotti and Henry Blankfort, had a hand in writing the story and thirty names, all top performers in their own right, did their best. It's a good best resulting in an excellent picture. . . . In an attempt to cover the home war effort MGM has produced **"The War Against Mrs. Hadley"** in which it tries to picture a hard-shelled anti-New Dealer who believes the war and all its problems are merely personal inconveniences aimed at her by an unfriendly Administration. Stella Hadley (Fay Bainter), wealthy widow of newspaper publisher, is in her Washington home celebrating her birthday when news of December 7th comes over the radio. Edward Arnold, a War Department official, and her son, Richard Ney, who works in the Department, leave hurriedly. Mrs. Hadley is piqued. As the war develops, Mrs. Hadley continues to keep aloof. Her son, a playboy, is drafted and Mrs. Hadley blames Arnold. She turns against all her friends and even disowns her daughter (Patricia Rogers) because she marries a soldier (Van Johnson) who is a social nobody. It isn't until the papers print story of her son's heroism and the award of the DSC that she comes out of her shell of isolation. **"The War Against Mrs. Hadley"** is by no means an American version of "Mrs. Miniver." It doesn't have to be. It does speak out against a situation which sadly enough still exists. In that respect it's a good movie serving a fine purpose.

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Tomorrow's Markets Walter Whyte Says——

(Continued from page 1069)

market cannot make up its mind as to trend.

* * *

The future of the market is still as hazy as it was last week or the week before. Until some of the problems mentioned above get real answers it will stay that way.

* * *

But if news has a depressive effect certain market indications, based purely on performance, have an influence. For example, the rails mentioned here from time to time as being in a move position, have gradually acquired a following. This means that more and more rails will now come in for public attention. With the market in the position it is I don't think the group is worth following any more. The rails are now in their last third of the advance. This phase is frequently accompanied by increased dividends, bullish talk and better than average market activity. It's good while it lasts, but the end of the phase brings danger to new buyers that much closer.

* * *

The industrials on the other hand have yet to move ahead. With the 108-110 level widely advertised I think it very likely that within the next few weeks the market will go through to somewhere between 112 and 116. I don't see any more from present action.

Hold all positions in the interim. You have been given "stop" and profit taking prices in all stocks recommended here with the exception of Pittston. You hold this at 1¾. Its now 2⅞. For the more venturesome Pittston might be held; for others I suggest profits across 3 or better.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Soldier Vote Bill Signed

President Roosevelt signed on Sept. 16 the bill giving the members of the armed services, both within and without the continental limits of the United States the right to vote in primary and general elections by absentee ballot. Passage of this bill by Congress was reported in these columns Sept. 17, page 989.

Secretary of War Stimson on Sept. 17 reiterated the War Department's objection to mailing the necessary ballot-application cards and ballots to soldiers overseas, saying it would be "unfeasible" because of the transportation and technical problems involved. He added, however, that the Army was prepared to administer the new law within the continental United States.

Although Secretary of the Navy Knox had earlier expressed similar views as to the impracticability of attempting such voting outside the country, the Navy Department announced on Sept. 18 that arrangements were being worked out. From Washington Associated Press accounts that date we quote:

The Navy Department said in a statement that a circular "is being distributed without delay to all ships and stations," giving the official wording of an application for an absentee ballot. To the more remote ships and stations these instructions are being dispatched by radio, the Navy said.

The Navy decided to do away with the distribution of printed application forms to save time, so that ballots could be obtained early enough for return to this country to be counted by Election Day.

Extends Filing Time On Capital-Stock Tax

The Senate passed on Sept. 17 and sent to the White House a resolution extending until Nov. 28 the time for filing return of capital-stock tax in 1942. These taxes were normally due on July 31 but the Treasury extended the period to Sept. 29. The House had passed the measure on Sept. 15. Representative Doughton (Dem., N. C.) Chairman of the Ways and Means Committee, said that another 60 days' extension was necessary in view of a pending proposal to repeal the law. In urging the extension, Mr. Doughton explained as follows:

"The House tax bill amended the present law so as to provide for an annual declaration rather than a declaration every third year. The Senate committee has adopted a tentative provision wiping out the capital-stock tax. If the Senate provision should prevail, this resolution is necessary. Otherwise the corporate-tax payers would have to file their returns, pay the capital stock tax, and should the Senate provision prevail, the Bureau of Internal Revenue would have to refund the payments."

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

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The Foundation Company

The investment fraternity, like the rest of the world, know the Foundation Company from visible evidence. The achievements of this great engineering and construction enterprise literally are carved in the skyline of Manhattan itself. Woolworth, Federal Reserve Bank, Bankers Trust, Municipal, American Telephone & Telegraph, Liberty Tower and many other New York skyscrapers are spectacular advertisements to American industry in general and the accomplishments of Foundation in particular. The foundations for these colossal structures typify the work performed throughout the world by The Foundation Company.

The Foundation Company is engaged in a general engineering and contracting business, specializing in foundation and construction work, including subaqueous work of all kinds, the building of industrial plants, power developments, hydro-electric developments, railroads, bridges, harbor and river terminals and general building construction. The Company operates directly in the United States and insular possessions, Cuba, Central and South America and the West Indies. An enterprise of such cumulative experience, capacity and immediate qualification is bound to play a major role as a defense builder and in the post-war reconstruction.

Capitalization is extremely simple with but 165,000 shares of common stock of $1.00 par value outstanding. There is no funded debt or preferred stock outstanding. The small capitalization gives Foundation Company stock the necessary qualifications for favorable market action.

The Foundation Company is expected to complete approximately $25,000,000 of construction work in 1942. This includes the construction of shell loading plants, magnesium products plant, floating dry docks and shipbuilding and repair facilities. Because of the essential nature of the business, priority ratings are high and no material shortages are expected. Then too, contracts on a cost-plus basis assure profits despite higher material and labor costs. Reflecting the large volume of heavy construction, revenues from contracts in the first six months of 1942 were only 13% less than the revenues for the full 1941 year.

Earnings for the half period totaled $1.55 a share in contrast with $0.38 a share for all of 1941. It is interesting to note that conservative estimates of earnings for the full 1942 year place earnings on the common stock in the neighborhood of $3.60 a share, by Standard Statistics.

In the past few years, the Foundation Company's finances have been strengthened in a significant manner apparent in many ways besides the retirement of its RFC and Chase Bank loans.

Important and far reaching developments concerning both the near term and post-war prospects for the Foundation Company appear to be now taking place. The General Investment Corp. headed by David Milton has recently announced the intended liquidation of this investment trust in order to enter the industrial engineering field. As a first step in this direction, the General Investment Corp. is expected to merge with the Foundation Company of Delaware, a subsidiary of the Foundation Company of New York, and thereafter assume the name of Foundation Industrial Engineering Co., Inc. It is expected that General Investment Corp. will place $1,000,000 in the new company and the Foundation Company of New York is expected to put in approximately $165,000.

The General Investment Corp. stockholders are now expected to meet on October 13th for approval of this plan which requires a two-thirds consent of the common stockholders. From reliable sources, only 50,000 shares more of common stock are needed to make this plan effective, out of a total of 719,000 shares necessary.

It is expected that the Foundation Industrial Engineering Co. with its strong financial position and its very important contacts in North and South America, will be able to obtain important construction work, the production of which the Foundation Company of New York is expected to complete on a mutually satisfactory contract arrangement. In addition, the Foundation Company already possesses important South American contacts.

For example, the Company has just closed a $2,500,000 contract with the United States Government for the building of roads in Costa Rica, according to official sources.

With Brazil actively engaged in World War II, the United States Government is interested in building up not only Brazilian production but may well accentuate the upbuilding of practically all of the South American countries on a mutually satisfactorily basis. Prospects for construction in South America, therefore, after the war, may be said to be indeed promising.

An improved financial position, important new contacts, not only for the present but for post-war times, plus a good tax base and distinct possibility of a substantial dividend payment by early 1943, makes Foundation Company Common appear to possess unusually attractive possibilities at this time.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of J. Grenville Bates, Jr., to James B. Taylor will be considered on October 1. Both are partners in Taylor, Bates & Co., New York City, which will continue as an Exchange member firm.

The proposal that William C. Beach act as alternate on the floor of the Exchange for Bayard Dominick II, partner in Dominick & Dominick, New York City, will be considered by the Governors of the Exchange today.

Eugene M. Thomasson withdrew from partnership in Elder & Co., Chattanooga, Tenn., as of Sept. 1.

Stephen J. Stroock & Co., New York City, dissolved as of Sept. 19.

N. Y. Analysts Forum

The New York Society of Security Analysts, Inc. will hold their railroad group forum on Friday, Sept. 25, at 56 Broad Street, New York City, at 12:30 p.m. Mr. Tierney of the Colorado & Southern Railway will discuss the reorganization proposals and prospects for that road.

Lehman Syndicate Offers Pfd. Stock Issue

A banking group headed by Lehman Brothers is offering today at $51.25 a share and accrued dividends a new issue of 50,000 shares of Burlington Mills Corporation cumulative convertible preferred stock, $2.50 series (without par value). The corporation, which had gross sales less discounts, returns and allowances for the nine months ended June 27, 1942, of $61,064,148, as compared with $63,165,310 in the fiscal year ended September 27, 1941, plans to add to its general working funds net proceeds to be derived from the sale of this stock. Based on this increased volume of business, the additional funds will be needed and used, it is anticipated, to maintain cash balances and to assist in carrying inventories, accounts receivable and other current items, and to provide for the corporation's future requirements.

The $2.50 series preferred stock will be convertible into common stock of the corporation at the price of $21 per share of common stock, taking the shares of $2.50 series preferred stock at $50 a share. Stock of this series will be redeemable in whole or in part at $53.25 per share if redeemed at or prior to September 1, 1946, and at $52.25 per share if redeemed at any time thereafter, plus accrued dividends in each case.

As a sinking fund for the benefit of the $2.50 series preferred stock the corporation is to set aside annually, commencing with the fiscal year beginning on or about October 1, 1943, so long as there shall be outstanding any shares of the series, an amount in cash, subject to certain credits, equal to 2% of the consolidated net earnings of the corporation and its subsidiaries for the next preceding fiscal year, after deducting interest on all funded debt and dividends paid on the cumulative preferred stock during that year.

Outstanding capitalization of the corporation upon completion of this financing will consist of $6,000,000 3% promissory notes, payable serially; 73,813 shares of cumulative convertible preferred stock, $2.75 series; 50,000 shares of cumulative convertible preferred stock, $2.50 series; 659,969 shares of common stock.

Associated with Lehman Brothers in the offering are Wertheim & Co.; A. G. Becker & Co., Inc.; Union Securities Corp.; Hallgarten & Co.; R. S. Dickson & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane.

Burlington Mills, directly and through its subsidiaries, is engaged in manufacturing woven fabrics from rayon yarns and rayon mixtures, and to some extent from cotton yarns; throwing and dyeing rayon yarns, and to some extent cotton yarns; dyeing and finishing cloth, and selling the manufactured goods. The business is integrated from the purchase and throwing of yarns to the finishing of manufactured products and their sale and delivery, either in the greige or in the finished state, to the consuming trades. Burlington Mills operates 44 principal plants and properties, located in North Carolina, Virginia and Tennessee.

Rubber Industry Study

Based on official announcements that new synthetic rubber capacity of 872,000 long tons annually had been authorized by Aug. 1, 1942, it is evident that the announced program contemplates that over 90% of that capacity will be used for producing buna S and butyl rubbers, according to a study of the rubber industry just released by George S. Armstrong & Co., Inc., 52 Wall Street, New York City, industrial engineers and management consultants.

The study of this critical industry was undertaken several months ago, and in its present completed form constitutes the fourth in a series entitled "An Engineering Interpretation of the Economic and Financial Aspects of American Industry" by the Armstrong Company. As summarized in the press the emphasis of the Baruch Committee's recent report is most properly on public policies which, in the Armstrong study, are treated only by inference.

Under present circumstances, the report states, "Current military and civilian use of rubber must depend on imports and domestic production of all natural rubber possible, substantial amounts of synthetic rubbers, and a maximum of reclaimed rubber." Most of the study treats less of the actual manufacture of rubber products, and more of the potential supplies and sources of rubber, synthetic, reclaimed, and natural.

Stressing the importance of reclaimed rubber, the Armstrong report says that the patriotic campaign for scrap rubber brought in 454,155 tons, which at normal yields should make approximately 380,000 tons of reclaimed rubber. The potential supply of reclaimed rubber, from 168,000,000 automobile and truck tires is estimated as the equivalent of 825,000 tons of reclaimed rubber, says the report, "and with scrap derived from other products should be almost sufficient, if wisely produced and distributed, to continue the operation of at least 20,000,000 cars for the duration. The Brookings Institution estimates this is the minimum number of cars necessary to avoid serious derangement of our economy and war effort."

Copies of the study, which is issued in the form of an attractive brochure, may be had upon request from George P. Armstrong & Co.

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Final Edition
THURSDAY
In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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Anti-Inflation Bills Fail Purpose And Create Vicious Circle, Says NAM Head

Anti-inflation bills pending before Congress would fail to keep down the cost of living because they create "a vicious circle of wage increases and invite inflation to stick a very large foot inside the door," William P. Witherow, President of the National Association of Manufacturers, said on Sept. 22.

Speaking on "Industry and the War" at the annual convention of the Controller's Institute of America in Chicago, Mr. Witherow described the Steagall Bill, pending before the House, as "obviously inflationary."

The Association President, who is also President of the Blaw-Knox Co. of Pittsburgh, told his listeners the Brown-Wagner Bill, awaiting action before the Senate, "though more realistic, is a step-child of the so-called 'Little Steel formula,' insofar as its wage stabilization provisions are concerned."

The Senate bill, Mr. Witherow said, "in seeking to stabilize wages at approximately the present levels, gives the President authority to adjust sub-standard wages and to eliminate what is called 'gross inequities.' But it does not seek to define either sub-standard wages or 'gross inequities.' The result," added Mr. Witherow, "is that it allows complete flexibility for increasing any wages that might be called either sub-standard or inequitable." He went on to say:

"Standards for wages, in some instances, are based on the prevailing wage in a given industry. In other instances, they are based on the prevailing wages in a given locality. Thus, there is no acknowledged basis for determining sub-standard wages.

"In addition, we must recognize that when wages are advanced in a so-called sub-standard industry, the advance may make wages in other industries seem sub-standard. Then, to be strictly fair and logical, something must be done about these newly-created sub-standard wages.

"This creates a vicious circle of wage increases and invites inflation to stick a very large foot inside the door.

"Much the same reasoning applies to so-called inequitable wages. If wage increases are

(Continued on page 1093)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

Notwithstanding the light vote in the primaries which have been held this year—on the face, an indication that the voters were either too disgusted or too disinterested to come out—there is considerable comfort for the Republicans. It should be borne in mind that the New Deal aroused a vote which had not existed before. It got out a mass of discontented people who exercised their franchise for the first time. Their attitude was that here was a man who was going to give them something—and they wanted something. So they voted for him.

But now they've got what they wanted. After prolonged years of unemployment they are working in war industries at $100 or more a week. They aren't a people likely to be concerned in the consequences, to realize that it won't last, that it is unquestionably a war-made situation. All they know is that they are making good money.

There are rather definite indications that, having attained this estate, they have lapsed back into their former disinterested attitude about politics. In other words, having got theirs, then why should they be fooling with politics and politicians. They are a people who never took any interest in politics and politicians in the first place. They were aroused by the depression. But that's over, insofar as they can see it. Their disposition seems to be now that all politicians are alike and, sitting pretty themselves, they might as well let things rest.

Then there is this additional comfort for the Republicans: Those workers who are still thinking in terms of politics and politicians are thinking that now they are subject to the income tax. There is no underprivileged vote any more. The bunk about the Forgotten Man is futile when the Forgotten Man is making $100 a week. The Forgotten Man is now inclined to be a conservative. The Forgotten Man is beginning to worry or be concerned about taxes, rationings and, above all, about the regimentation of labor which he is frequently hearing about. On the latter, this writer knows that any number of labor leaders are worried about it and

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American Bankers Association "Convention In Print" Edition

Section 1 of today's issue of the "Chronicle" is largely devoted to the American Bankers Association "Convention In Print." The Association, in cooperation with the Office of Defense Transportation, this year canceled its annual convention, which usually covered a period of five days and was widely attended by bankers and bond men from all parts of the country. Many of the articles which were prepared for the "Convention In Print" are given in Section 1 of today's issue and can be readily found by referring to the appropriate index which appears on the cover page of that section.

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ABA "Convention In Print" Editorial Material appears in Section 1 of today's issue, as explained in the notice given on this page.

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THE FINANCIAL SITUATION

These are days of shortages and forecasts of far more acute shortages to come; of fevered cries for vastly larger production of a wide variety of goods; of forebodings of higher prices arising out of unbalanced supply and demand in the consumers goods markets; of demands for all manner of controls, and pleas for self-imposed sacrifice on the part of the rank and file; of solemn assurances that we must submit to some labor czar with power to shuffle the elements of our manpower (of which there is likewise a shortage) about as the exigencies of the occasion appear to warrant; of plans for a military force of 10,000,000 men in the not very distant future and of more of the same sort.

Forty-Hour Week An Anomaly

Yet the anomalous fact stands clear for all to observe that the average American wage earner is today enjoying a work-week nearly, if not quite, six hours shorter than in 1929 when politicians and reformers alike were congratulating themselves and the country upon the comparatively short work-week that industrial productivity and socially minded public servants had made possible—and nearly as much shorter than the work-week which the Administration itself has proclaimed the most productive! The average work week in 25 leading industries in the United States in July was, according to the National Industrial Conference Board, just a little over 42.5 hours. The Administration has said that the most productive week is 48 hours. Let us assume that there are 40,000,000 men and women employed in industry and trade (excluding agriculture) in the United States today. Such a figure would certainly not be too high. Now let us suppose that all these men and women were put to work for an average of 48 hours per week.

Large Gains

The gain would be approximately 220,000,000 man-hours per week, or the equivalent of an addition of upwards of 5,000,000 men to our labor force working the same number of hours per week as those now prevailing. It is doubtful if American industry has added more men than that to its payrolls since the invasion of the Low Countries in 1940! Unless there is some insuperable obstacle to a man's working as he did in 1929 and as the Administration believes would be most effective now, we are not nearly so

(Continued on page 1090)

Wanted: Only Certain Assurances

It is my considered opinion that we are going to have to cut farther and more deeply into our civilian economy than even the British themselves have done yet—with the single exception of food.

We are going to have enough to eat throughout this war and we probably will not have to put any very drastic limitations on our range of choice in that regard, but in almost every other respect we are going to have to be ready to do without—and do without—and do without—until this war has been won.

We have been living on our fat so far in this war. Believe me, we aren't going to have an ounce of fat left in another year. We'll be down to bone and muscle, because we have to get down to bones and muscle in order to win.—Donald M. Nelson.

The American people should by now be prepared for this "drying-out" process. They have been warned often enough.

All they ask is assurance that:

(1) These sacrifices are really necessary, and

(2) What they give up will be used with the greatest possible effectiveness to win this war.

THE FINANCIAL SITUATION

(Continued From First Page)

short of man-power as we have been led to believe. And since with this added man-power we should be able to produce much more of many things, we can hardly be as potentially short of a substantial number of articles as we have been supposing.

Larger Production Possible

Of course, there are a number of so-called critical war materials which are in short supply by reason of the fact that they are not man-made and do not occur in adequate quantities within our borders or within the boundaries of other countries allied with us. Others are scarce, or relatively so, because adequate facilities for their production are not in existence. Still others are not abundant, in some sections of the country at least, by reason of inadequate transportation facilities. But when all such factors are taken fully into account, the fact remains that a great many articles, particularly perhaps ordinary peace time goods, are in scant supply or are likely soon to be simply because we can not produce them without more man-hours of labor than we are now employing. Here is a fact which all of us are much disposed to overlook. In very appreciable degree we could have a more abundant supply of the things we want than it now appears likely that we shall have—to say nothing of greater production of war goods—if only we work harder and longer for them.

It is pertinent to inquire, therefore, why it is that we have not returned to former very reasonable standards of work, or adopted those which the humanitarians in Washington tell us are quite reasonable and most effective. We not only have not done so, but show no indications of doing so in the early future. The trend in that direction which had been in evidence came to a halt early in the year. Since that time the situation has remained essentially unchanged.

The Forty-Hour Week Law

We have been repeatedly told that the 40-hour week law has nothing to do with it; that there is nothing whatever in that statute to prevent a 48-hour week or a week of any other length. The argument is, however, far from convincing. It is true of course that a longer work week is permitted—if paid for at punitive rates. That other argument that the Government is ready to stand the added expense of the punitive rates so far as war contracts are concerned—is equally ineffective when applied to the economy as a whole. It could be conceded that the law does not stand in the way of war production without in any way altering the fact that it must inevitably impede full production of goods for the civilian population, or as nearly full production as other circumstances permit. After all, with all our devotion to war production, the needs of civil population bulks large, and must bulk large, in the activity of American industry. The fact is also in the existing situation lack of full utilization of the labor force in non-war production tends to shorten the supply of labor available for war production. In Mr. Henderson's scheme of price control there is no provision for punitive wage costs.

Every one knows, of course, that the 40-hour week is not wholly a matter of law. There are many instances where the work-week is fixed in union contracts, and would be so fixed had there been no law on the subject, although there are other contracts of a similar nature which would not today exist were it not for the law. In some instances union members are not permitted to work more than forty hours per week on the average. Punitive rates provided in some contracts, moreover, are far more severe than is required by law. Quite apart from labor contracts and the like there are, too, other impediments to full and regular employment at maximum hours. Conversion of some industries and virtual closing of others; the unsettling conditions generally existing; lack of smooth functioning of the over-all management of the war production effort and a number of related factors unquestionably enter the picture. But the short work-week, whatever its origin, tends to restrict production both of war and peace-time goods, and since it does limit production, every effort should be directed to its elimination. Surely it should not be impossible in a reasonable period of time to have our labor force working as long each week as it did in 1929.

Wage Costs and Prices

If it is out of the question for political or any other reason to suspend the 40-hour week wherever it is observed, then it is obviously needful to permit prices to rise sufficiently to cover the cost of punitive wage rates which are unavoidable if we are to obtain full production from the labor force. It is difficult to conceive of any one not steeped in prejudice against anything in the nature of an increase in prices supposing that the advantages to be had from larger production would not far more than offset any disadvantage derived from such a rise in prices. Obviously, we must choose between such restrictions on production as the 40-hour week imposes and higher prices to cover the costs of a longer week with punitive rates for all time over 40 hours—so long as for any reason it is not feasible to abolish punitive over-time wage rates. The best remedy for rising prices in war as well as in peace, so far as it is possible to apply it, is increased production. That we can not have in full measure unless we permit ourselves to work in the most effective manner possible.

It seems strange that in all our anxiety about prices and all our desire for large war production such considerations as these obtain so little attention.

Editorial—

Freezing Wages

On the surface it might seem very simple to stop a rise in the price level by merely freezing wages. However, it should be borne in mind that if an employer is prohibited from raising wages, individual employees will seek employment elsewhere unless all employers are also forbidden to pay any new employees taken on more than they received in their last jobs.

It is obvious that if this were not done, not only would a wage ceiling be wholly ineffective in achieving its objective but it would raise havoc with business because of the extent to which the present unusually high labor turnover would be accelerated.

But if workers are frozen in their jobs how will our war industries get their supply of labor? Will it be a case of "forced labor"? And what of the multitude of other ill effects that would ensue? So. . . . wage freezing is not the simple solution to the problem in question as would seem to be the case when only considered superficially.

The sensible thing to do is to concentrate on the fundamental causes that are making for higher prices and remove them wherever possible. (And this doesn't mean draining the life blood—profits—out of trade and industry by excessive taxation, for we must not forget that a healthy internal economy will contribute in an abundant way to bring the war to a successful and early conclusion. An anemic internal economy will have the opposite effect.) Some phases of this subject are discussed in the "Financial Situation" article in this issue of the "Chronicle." Another primary cause of the wage and price spiral today is the activities of organized labor in demanding higher and higher wages. If "politics as usual" is put aside, this is one major cause that can be readily removed. If wages were again left to management and the individual employee to work out, it would stimulate production in a marked way, we are sure.

Jeffers Given Full Control Over Rubber

President Roosevelt on Sept. 17 signed an executive order delegating to William M. Jeffers, Rubber Director, full authority and control over the nation's rubber program in order to assure an adequate supply for war and essential civilian needs. The order gives the power to the Chairman of the War Production Board, Donald M. Nelson, but further states that the Rubber Director, appointed by and responsible to Mr. Nelson, shall administer the rubber program, in all of its phases, including, but not limited to: Technical research and development, importation, purchase, sale, acquisition, storage, transportation, provision of facilities, conservation, production, manufacture, processing, marketing, distribution and use of natural and synthetic rubber, related materials, and products manufactured therefrom.

Mr. Jeffers, who is President of the Union Pacific Railroad, was named by Mr. Nelson on Sept. 15 to carry out the recommendations made by the President's special Rubber Survey Committee; this was mentioned in our issue of Sept. 17, page 983.

The President's order of Sept. 17 empowers Mr. Jeffers to direct the Rubber Reserve Company and other subsidiaries of the RFC, the Office of Petroleum Coordinator for War, the Board of Economic Warfare, Office of Price Administration, Department of Agriculture, and other agencies to execute such aspects of the rubber program as he deems necessary.

The Petroleum Coordinator is to conduct development research in the production of butadiene from petroleum and natural gas products and recommend new production methods, and is also authorized to supervise, upon completion of construction, the operation of plants producing synthetic rubber, raw materials made from petroleum and natural gas products.

The Rubber Reserve Co. is to supervise the construction of all plants under the rubber program according to the order.

Mr. Jeffers said on Sept. 18 that the necessary steps to conserve the nation's rubber supply will begin operating soon. He conferred in New York City on Sept. 18 with Bernard M. Baruch, head of the President's Rubber Survey Committee, on the general aspects of the rubber program.

The Baruch Committee's report called for a nation-wide rationing program for gasoline and tire mileage; an expanded synthetic rubber program; national speed limit and compulsory periodic tire inspections. These recommendations were referred to in these columns Sept. 17, page 985.

WPB Eases Regulation For Buildings Work

The War Production Board on Sept. 15 granted permission to operators of industrial plants, office buildings, apartment houses, hotels and other substantial buildings to apply for blanket authorization to cover miscellaneous construction work over a period not to exceed six months. It was indicated that this makes it possible for both the operators and WPB to avoid handling numerous applications for construction jobs which are necessary in larger buildings, but which, under the former plan, had to receive individual authorization when the cost for all such work reached the limits set in the stop-construction Order L-41. Advices from Washington Sept. 15 to the New York "Journal of Commerce" added:

Under the new plan all routine individual construction jobs, except those estimated to cost more than $5,000, may be included in applications for blanket authorization. In cases where authorization is granted, the applicant must file within two weeks after the expiration of each period of the term of the authorization a report covering the work done, its costs and the materials consumed. Form PD-200 should be used for all such applications and reports.

In making the report on the work done, the applicant must mark it "report on blanket construction" and include with it a letter indicating the serial number and date on which the application was approved.

The application covering miscellaneous jobs should, if possible, set forth the proposed construction work within the stated period of time in terms of jobs, dollars and quantities of material. A separate application must be submitted for each separate building or project.

Where it is impossible for the applicant to forecast the proposed jobs accurately, an application of a more general nature will be considered. However, the total cost of the proposed construction and a preliminary materials list must be included.

Authorized to Ration Meat

Authority to ration meat to consumers and to control the distribution of meat from slaughterhouse to consumer has been delegated to the Office of Price Administration by the War Production Board's Director General for Operations.

This authorization, contained in Supplementary Directive 1-M, is, however, subject to the broad allocation of meat by the Chairman of the Foods Requirements Committee for domestic use, the armed services and other Government agencies, export and stockpiling, it was explained.

Because it will be some time before OPA is ready to ration meat at the consumer level, the directive contains a special authorization which will permit OPA to issue an order controlling the general distribution of meat in a manner similar to the control exercised by WPB "M" orders. Issuance of such an order by OPA will be announced shortly.

The authority contained in the directive covers virtually all types of meat and meat products except poultry and game, but does not include lard, nor does it include slaughterhouse by-products unfit for human consumption.

It is not expected that the OPA will institute its meat rationing program before Jan. 1, but some system of quotas for sales of meats by packers to civilian markets will probably be established shortly. The Food Requirements Committee recommended that both these moves be taken in order to provide fair distribution among civilians; this was reported in these columns of Sept. 10, page 894.

The State Of Trade

Business activity showed setbacks in a number of quarters during the week ended Sept. 12, reflecting the Labor Day holiday.

Production of electricity in the week ended Sept. 12 dropped to 2,570,919,000 kilowatt-hours from 3,672,921,000 in the preceding week, the Edison Electric Institute announced recently. This compares with 3,322,346,000 in the 1941 week, which did not include the holiday. Output in the two weeks ended Sept. 12 was 12.2% above that in the two comparable 1941 weeks.

As usual, the largest gains were shown for the Pacific Coast and the Southern States, which reported increases of 28 and 12.9%, respectively, over the year-ago weeks.

Carloadings of revenue freight for the week ended Sept. 12 totaled 814,885 cars, according to reports filed by the railroads with the Association of American Railroads. This was a decrease of 73,075 cars below the preceding week this year, 99,771 cars fewer than the corresponding week in 1941 and 10,620 cars above the same period two years ago.

This total was 127.97% of average loading for the corresponding week of the 10 preceding years.

Steel operations for the current week were estimated by the American Iron & Steel Institute at 96.2% of capacity as compared with 97.2% last week, a decrease of 1%. This week's indicated production will amount to 1,645,700 net tons as against 1,662,800 last week, 1,664,500 tons a month ago and 1,599,300 tons a year ago, when the rate was 96.8% of capacity at that time.

The 17,000-ton drop in activity this week was attributed to a shortage of scrap metal in some producing districts together with several suspensions of furnace operations for repairs.

Department store sales on a country-wide basis last week were 3% below the corresponding week a year ago, the Federal Reserve Board estimated.

In the previous week sales were 26% higher than in the same 1941 week, while during the four weeks ended Sept. 12 sales were 1% above the similar 1941 period.

The fall upturn in retail sales during the last week carried dollar volume above the comparable period of 1941, Dun & Bradstreet, Inc., stated in the weekly trade review.

While warm weather tended to slow the seasonal upturn in many sections, sharp gains in pay rolls and cash from newly harvested crops supported a strong buying movement.

Retailers noted that prospects of higher taxes apparently were not inducing consumers to curtail spending. The tendency, rather, was toward liberal buying, with trading up into medium better price brackets quite general.

The agency reported that fall apparel held the sales spotlight, while house furnishings picked up and scattered reports indicated unusually early interest to gift buying for men in the armed services overseas.

The Association of American Railroads estimated that operating revenues of class I railroads during August were 36.3% greater than in August last year.

This was based on preliminary reports of August revenues of $548,264,202 for 89 railroads, representing 81.5% of total mileage, which compared with August, 1941, revenues of $402,267,250.

August freight revenues were estimated at $431,596,457, an increase of 29.6% over a year ago, and passenger revenues were placed at $80,847,454, an increase of 96.6%.

The United States is spending for the war effort this month at a rate of more than $200,000,000 each business day. Should this pace be maintained, September will be the first month, based on Treasury figures, to top the $5,000,000,000 mark. August was only a little short of this total, having an outgo of $4,882,000,000, but if Reconstruction Finance Corporation expenditures were aadded to the Treasury disbursements, the outlay would have been $5,182,000,000.

High as these figures appear, they are not enough to win the war. President Roosevelt insists that American production is still little better than half its potential output. Donald M. Nelson, War Production Board chief, holds that even though war production has increased 350% since the Japanese attack on Pearl Harbor, it is "not good enough."

General William S. Knudsen declared that by the end of the year war goods to the volume of $7,000,000,000 monthly will be coming off the nation's assembly lines.

President Roosevelt said that this country's production for war is greatly below that of both Great Britain and the Soviet Union in comparison with their resources. Russia's figures are not known publicly, but recent information on Britain's war costs shows that nation currently spending $49,000,000 daily, or about one-fourth of the American outgo.

Tax Bill Inadequate Declares Morgenthau

Secretary of the Treasury Morgenthau declared on Sept. 17 that the tax bill as approved by Senate Finance Committee is "wholly inadequate" from a revenue standpoint and as "a deterrent on spending and an incentive to save." The Secretary told his press conference that the pending bill would raise Federal revenues to only $24,000,000,000, as against a minimum of $30,000,000,000 urged by the Treasury. Mr. Morgenthau said that the Treasury will continue to urge Congress to take action on these matters. He also expressed disappointment over the Senate Finance Committee's failure to close important "loopholes" in the tax structure, mentioning specifically depletion allowances for mining and oil industries, mandatory joint returns for husband and wife, and the taxation of the income from State and municipal securities. Mr. Morgenthau, likewise, pointed out that the Committee's bill fails to provide for restrictions on individual spending, and he is quoted as saying:

"There has just got to be more revenue. We here feel there will have to be enacted into the law some kind of legislation on spending and an incentive to saving."

The completion of the tax bill by the Senate Committee was noted in our issue of Sept. 17, page 969.

Pittsburgh Newspapers Increase Prices

Pittsburgh's three newspapers recently raised the price of their daily and Sunday papers because of higher costs of operations.

The Post-Gazette, the city's only morning newspaper, and The Pittsburgh Press and The Sun-Telegraph, evening papers, have increased their prices from 3 to 4 cents.

The Sunday editions of the Press and Sun-Telegraph were raised from 10 cents to 12 cents.

The increases are necessary, the publishers announced, because war conditions have reduced advertising revenues while the costs of operation and materials have increased.

Post War Planning At Home and Abroad Must Rest On Solvency Says Dr. Cadman

Pointing out that "the attempt to allocate war materials is featured in many of the international post-war plans," Dr. Paul F. Cadman observed on Sept. 22 that "it is a worthy and challenging effort, but if every nation with any industrial capacity were assured an adequate supply of raw materials there might still be the effort to protect high-cost manufactures by political devices and to follow the old procedures which led to unfair and costly competition." Dr. Cadman, Economist of the American Bankers' Association, spoke thus before the Controllers' Institute of America at Chicago. In his further remarks he noted that "few of us are able to comprehend the full meaning of the tragedy which has overtaken Europe. Devastation, starvation, bankruptcy, on so vast a scale, have never before been the lot of civilized people." "There is every reason to hope," he added, "that courageous, far-seeing and unselfish statesmanship will be applied to international collective security, and we must do our share." He likewise said, "if we are wise we will not attempt the impossible; we will not raise hopes among the tragic victims of war which can not be fulfilled. When planning takes us into flights of Utopian fancy, it can be more destructive than helpful."

With respect to the war debt, Dr. Cadman said:

> There are some essentials which should not be forgotten. The United States Treasury is not inexhaustible; credit cannot be expanded indefinitely; production and construction cannot be expanded effectively without capital. Our efforts at home and abroad must rest squarely upon the principle of solvency. We shall be poor instruments of salvation if we are bankrupt.
>
> The servicing of the vast war debt which is now being created can be accomplished only by production. But that production must be on a solvent basis. It must be profitable production; otherwise there will be nothing to tax. Socially, it is of the utmost importance that there be no default of this debt, for the bulk of it will be held by individuals of small means who have made a real sacrifice to accumulate savings and lend them to the Government.

Dr. Cadman added that "there is no need to dwell on the tragedy which has overtaken civilization. But the actualities of war may shut out the vision of what the near-term opportunity may be. Reconstruction alone could engage all our energies for a decade." He also said:

> The so-called enterprise system is daily demonstrating its immense productive capacity. If we are wise we will follow through to the day when the trends of war will be reversed and construction takes precedence over destruction. Economic planning holds immense promise, provided we can give it the direction which keeps it geared to economic fundamentals which are the product of experience.

Senate Finance Committee Votes Limit On Individual Tax; Ends Notarizing Rule

The Senate Finance Committee on Sept. 21 amended its tax bill by limiting the amount of Federal income and victory taxes which can be collected from an individual to a maximum of 90% of net taxable income. It was said that this change would affect only those with incomes of about $1,000,000 annually, because the combined rate of income and victory taxes would not exceed 90% for those in lower brackets. Colin F. Stam, head of the Congressional tax staff, who recommended the change, said the limitation was necessary because certain State taxes are not deductible from income which will be subject to the 5% gross income "victory tax" contained in the Senate bill. The resulting loss of revenue, he said, will be "practically nothing" since only a very few rich persons otherwise would be required to pay more than 90% of income subject to tax.

The Committee also voted on Sept. 21 to eliminate the requirement that Federal income tax returns be notarized. Acting at the Treasury's suggestion, it was explained that about 43,000,000 persons will be required to file Federal tax returns and that perjury statutes would cover persons who make false statements in their tax returns even though the signatures are not notarized.

Several minor changes adopted by the Committee included the following, according to the Associated Press:

It voted to permit the tax-free importation of denatured alcohol, most of which comes from Cuba.

It acted to raise the stamp tax on premiums paid in this country on foreign insurance policies from 4 to 8 cents.

Corporations which were prevented from paying dividends by State or Federal laws because of operating deficits would be excused from the payment of undistributed profits taxes under an amendment adopted and made retroactive to cover the years since the latter tax was enacted in 1936.

The committee voted to take claw or "digger" amusement machines out of the $100 a year tax class for gambling devices and tax them at only $10 yearly.

It moved to delay application of a new House-approved provision on non-business bad debts until Jan. 1, 1943, instead of making it applicable to 1942 taxes. Under terms of this provision, bad debts of this nature could be charged off only as a capital loss.

Chairman George (Dem., Ga.) of the Senate Finance Committee said on Sept. 18 that the Treasury estimates of the total yield of the new tax bill was $1,000,000,000 too low. The Treasury placed the net yield of the bill at $6,851,700,000. Senator George also charged the Treasury with being a year late in submitting a plan for compulsory savings.

Secretary Morgenthau's remarks urging legislation as "a deterrent on spending and an incentive to saving" are referred to elsewhere in today's columns. Previous reference to the Senate Committee's action appeared in our issue of Sept. 17, page 969.

Taylor Returns To Vatican

Myron C. Taylor, President Roosevelt's personal representative to the Vatican, has returned to his post and resumed his special mission. Mr. Taylor was reported to have arrived in Rome on Sept. 17 and had an audience with Pope Pius XII on Sept. 18. He had been away from Vatican City for reason of health for nearly a year, and it was while he was recuperating in this country that Italy declared war on the United States. During Mr. Taylor's absence from his post, his assistant, Harold H. Tittman, Jr., maintained contact with the Vatican.

Secretary of State Cordell Hull announced in Washington on Sept. 17 that Mr. Taylor was resuming his mission and would remain there for a limited time.

Controllers Institute Elects McCobb Pres.

T. C. McCobb, Controller and Director of the Standard Oil Company (New Jersey), was elected President of the Controllers Institute of America at that group's annual national convention, now in progress at the Palmer House, Chicago. Mr. McCobb, who succeeds John A. Donaldson, Vice-President and Treasurer of Butler Bros., Inc., Chicago, has been affiliated with the Standard Oil unit since 1928, and has been its Controller since 1933. He has been a Director of the Institute since 1939.

T. C. McCobb

Five Vice-Presidents were chosen at the meeting, which took place yesterday. One, C. C. Gibson, Treasurer of the Paraffine Companies, Inc., San Francisco, was reelected. The four new incumbents are: Edwin W. Burbott, Controller and Assistant Secretary of the A. B. Dick Company, Chicago; George R. Drysdale, Secretary and Comptroller of the Phelps Dodge Corp., New York; Lloyd D. McDonald, Vice-President of the Warner & Swasey Company, Cleveland; and John C. Naylor, Vice-President and Comptroller of the Pet Milk Company, St. Louis.

O. W. Brewer, Auditor of the American Gas Association, and L. W. Jaeger, Treasurer, Secretary and Director of the Colonial Optical Co., Inc., both of New York, were reelected Treasurer and Assistant Treasurer, respectively. Arthur R. Tucker, also of New York, was reelected Secretary-Comptroller and Managing Director of the organization.

The following Directors also were chosen: Cicil W. Borton, Assistant Vice-President of the Irving Trust Company, New York; John E. Hearst, Comptroller of the S. S. Kresge Company, Detroit; William R. Little, Comptroller of the Evening Star Newspaper Co., Washington, D. C.; and J. J. Russell, Secretary and Treasurer of Revere Copper and Brass, Inc., New York; Robert Meyer, Assistant Treasurer of the Wright Aeronautical Corp., Paterson, N. J., and William F. Sigg, Traveling Auditor of the American Oerlikon Gazda Corp., Providence, were elected Auditors.

NY Reserve Bank Expands

Allan Sproul, President of the Federal Reserve Bank of New York, announced on Sept. 18 that because of expanding wartime activities the Reserve Bank has leased the first four floors of the office building at 51 Pine Street. The War Savings Bond Department, which the bank operates as fiscal agent for the Treasury, will occupy the new quarters. About 140 employees are affected by the move, which took place over the week-end.

In explaining the bank's expanded activities, Mr. Sproul said that the personnel of the bank now totals 3,418, as against 2,900 at the start of the year. Five years ago the bank had 2,100 employees.

The Reserve Bank's activities are now spread over four buildings in the financial district. Several months ago the Foreign Property Control Department of the bank was moved to 70 Pine Street and the bank's annex at 95 Maiden Lane has been maintained for several years, chiefly to house the bank's files.

Higher Income Seen In 1943 With Lower Sales And Intensified Restriction Of Industry

A. W. Zelomek, speaking before the Controllers Institute of America in Chicago on Sept. 21, as to what business may expect in 1943, stated that "there are two types of developments in the domestic economy. There are those due purely to war, which will vanish with the war. There are others due only partly to war, but which will become a permanent part of our economic and social structure." Mr. Zelomek, who is identified with the International Statistical Bureau, Inc., and Fairchild Publications, went on to say:

Taking up the first classification briefly, the logical factor to commence with is inflation. The danger of excessively rapid advances in commodity prices is greater in the post-war period than it is in the remainer of the war. While the supply of consumers' goods carried over from 1941 and 1940 seems to have been greater than estimated, this does not mean that the supply will continue to be reasonaly in line with demand. On the contrary, there will be a widening differential between purchasing power and available supplies in 1943. But in 1943 the systems of controls necessary to prevent unrestricted bidding for available goods will be much stronger. I regret that post-war thinking does not include a continuation of ceilings, as a protection against inflation, until post-war supply and demand are stabilized.

In the view of Mr. Zelomek "the advance in industrial production will not level off before mid-1943, although the rate of advance already has slowed up. There will be a further great shift, however," he said, "as between war and civilian production. Eventually the factors limiting total production will also involve power and labor supply, as well as transportation facilities. Nineteen forty-three will be the year in which restrictions on civilian production necessary to clear the way for this last stage of expansion in war production will reach their peak." Continuing Mr. Zelomek said in part:

Income in 1943 will be higher, sales will be lower. The decline in sales will not be due to the effects of higher taxes but to the smaller supply of goods and to the Government controls that will be set up to regulate distribution.

The labor supply situation will be in a crisis stage by next Fall, if not before. Complete manpower regimentation, including job freezing, will probably be unavoidable some time in 1943. I doubt very much that this can be accomplished before we have a unified military command. The Selective Service muddle which exists at present will be straightened out by enunciation of a definite national policy with regard to classification. Before 1943 is out, all manpower may be put on a Selective Service basis, for war work as well as military service.

All forms of industry restrictions will be intensified. The most important new development will be concentration of industry—based not only on raw material shortages, but also on considerations of labor, power and transportation. This will be accompanied by limitations of cross hauling, which may cause widespread decentralization of some types of consumers' goods industries. Inventory controls will affect all retailers and manufacturers within a short time, and the list of rationed items will begin to increase more rapidly.

The Government and its agencies will be much tougher about the war effort from now on, which means many reorganizations among Government agencies within the next three months. It means the establishment of several vertical administrations, similar to that established for rubber, to deal with critical problems.

Capitalistic System Will Be Retained By America After War, Dr. Stolper Declares

With "Capitalism After the War" as the theme of an address in Chicago before the Controllers Institute of America on Sept. 21, Dr. Gustav Stolper, Economist, declared that "by the end of the war the United States will be the only great industrial power on earth with physically intact facilities and an intact social fabric." He continued:

"In the rest of the world a tremendous reconstruction job lies ahead which will require large-scale American contributions.

"On these tasks our future policies must concentrate. Only private enterprise can do this job in a free society. There is no alternative to the free enterprise system in a free society.

"At the same time we must remain keenly aware of the fact that America's choice also decides for the rest of the world. Because America will retain the capitalist system, capitalism—with whatever modifications—will prevail in the future, for the civilized world cannot survive without American leadership."

In his address Mr. Stolper said: "I assume that the war in Europe will end in 1943," and in part added:

"My second assumption is that we may end the war with a national debt of between $150,000,000,000 and $200,000,000,000. Service of that debt may cost three to four billions a year. That is the first overhead item in our future permanent national overhead. The second overhead item originates in the necessity for the United States remaining a heavily militarized power. Whatever future world order we build up will be just as lasting as it is backed by American and British power. Therefore, I believe that in the foreseeable future the military budget will not drop below $8,000,000,000 to $10,000,000,000 a year. If we add to these two items the so-called normal civilian budget, including pensions arising from this war, we have to reconcile ourselves to a normal post-war budget of $20,000,000,000. This alone will force us to maintain our national production at a very high level. National income must not be permitted to drop below $100,000,000,000 a year."

Heads WPB Iron And Steel

Appointment of Hiland G. Batcheller, President of the Allegheny-Ludlum Steel Corp. of Pittsburgh, as head of the War Production Board's Iron and Steel Branch, was announced on Sept. 18 by Chairman Donald M. Nelson of the WPB. David F. Austin, Deputy Chief of the Branch, who has been acting as chief since the resignation of Reese H. Taylor on Aug. 31, has been compelled by ill-health to take an extended leave of absence and will return to the WPB on recovery of his health.

A resident of Pittsburgh, Mr. Batcheller is a graduate of Wesleyan University and is a trustee of Rensselaer Polytechnic Institute. In 1941, he served as a consultant in the Priorities Division of the Office of Production Management.

Govt. Statistical Requirements Stressed At Meeting Of Controllers Institute

The conviction that "statistics are going to play a very important part in determining the outcome of the war" was expressed on Sept. 21 by E. Chester Peet, Controller of the Shell Oil Co. of New York, before the Controllers Institute of America at Chicago. Mr. Peet, as is known, represents The Institute on the WPB Industry Committee for Report Simplification and Standardization. Stating that "I don't think that we as controllers have as yet done our part in assisting the Government in determining its needs," Mr. Peet said "I think we will have to play a much more active part in the future." He declared that "victory or defeat hinges upon the outcome of the production program and upon the best utilization of manpower," and said:

"Washington must tell us what we can or cannot manufacture in our plants. To do this requires intimate knowledge of the facts and figures pertaining to our business. For this reason, as the war develops, industry can expect more data requests. Therefore we must change our thinking, so that we no longer consider the preparation of Government reports as a by-product operation of our office. They are here to stay for the duration, and we controllers should gauge our staff requirements accordingly."

Advising the Controllers that "if you are unable to prepare all of the information required by the Government and at the same time take care of your own company's statistical requirements," Mr. Peet said:

"I suggest that you eliminate all reports, statements and the like which are desirable but not essential to the conduct of the business. In other words, I suggest that you classify your activities in this order:

"1. The basic accounting records which must be maintained if your company is to stay in business—control of cash, accounts receivable and payable, balance sheets, profit and loss statements, tax returns, etc.

"2. Government reports.

"3. General statistical reports, such as cost statements, sales segregations and other reports normally considered essential for proper control of costs and operation."

Mr. Peet added:

"The men in Washington are quite willing to work with us and are greatly appreciative of any assistance that we can render. It is true that much useless information has been compiled in the past, but they don't want this information any more than we care to make it up. By working together and pooling our intimate knowledge of the practices of our industry with their knowledge of what is required to make the most effective use of our production and manpower, we not only will help ourselves but we also will contribute in a substantial way to victory.

"While I think this objective can be accomplished to a considerable degree without any change in the present WPB office of Survey Standards, I think it is essential that additional steps be taken to implement the established controls. There should be a permanent Industry Statistical Advisory Committee appointed by WPB to work as a liaison between industry and WPB in regard to reports, questionnaires, policies or procedures which have direct influence on statistical requirements. This Committee, in turn, should appoint sub-committees for each branch of WPB that requires data from industry. These sub-committees would be on call through the Office of Survey Standards to work with that office and branch to design new questionnaires and review those currently in use."

President Gives Sub-Chaser To Norwegian Navy

President Roosevelt on Sept. 16 transferred to the Royal Norwegian Navy a 173-foot submarine chaser "as a token of the admiration and friendship of the American people."

In a ceremony at the Washington Navy Yard, the President presented the ship to Crown Princess Martha, who recently returned from London, the seat of the Norwegian government in exile. Making the transfer under the Lend-Lease law, Mr. Roosevelt expressed the hope that the ship would "long keep the seas in the battle for liberty" and some day "carry the Norwegian flag into a home port in a free Norway." The President also had words of praise for the Norwegian people's resistance to the invader's will and for their contribution to the cause of the United Nations.

In accepting the subchaser, Crown Princess Martha thanked the President and the American people for their generous action and said that his words "will bring hope and renewed faith in deliverance from the yoke of the barbarians."

The ship was named after King Haakon VII, ruling monarch of Norway. Both addresses were broadcast nationally.

The text of the President's address follows:

"Your Royal Highness, Mr. Ambassador:

"If there is any one who still wonders why this war is being fought, let him look to Norway. If there is any one who has any delusions that this war could have been averted, let him look to Norway. And if there is any one who doubts the democracies' will to win, again I say, let him look to Norway.

"He will find in Norway, at once conquered and unconquerable, the answer to his questioning.

"We all know how this most peaceful and innocent of countries was ruthlessly violated. The combination of treachery and brute force which conquered Norway will live in history as the blackest deed of a black era. Norway fought valiantly with what few weapons there were at hand—and fell.

"And with Norway fell the concept that either remoteness from political controversy or usefulness to mankind could give any nation immunity from attack in a world where aggression spread unchecked.

"But the story of Norway since the conquest shows that while a free democracy may be slow to realize its danger, it can be heroic when aroused. At home, the Norwegian people have silently resisted the invader's will with grim endurance. Abroad, Norwegian ships and Norwegian men have rallied to the cause of the United Nations. And their assistance to that cause has been out of all proportion to their small numbers. The Norwegian merchant marine has lost some two hundred ships and thirteen hundred seamen in carrying the supplies vital to our own and Allied forces overseas. Nor has the Norwegian Navy been less active. Norse fighting ships battled valiantly but vainly against the invader—destroying one-third of the German invasion fleet before they were overwhelmed by superior forces. Right now the blue cross of Norway flies on the fourth largest navy of the United Nations—a Navy whose operations extend from the North Sea to the Indian Ocean.

"It is today the privilege of the people of the United States, through the mechanism of the lend-lease law, to assist this gallant navy in carrying out its present heavy duties.

"Your Royal Highness, as a token of the admiration and friendship of the American people toward your country and her navy, I ask you to receive this ship. We Americans, together with the millions of loyal Norwegians, are glad that this ship is being given today the name of the King of Norway—a leader well versed fn the ways of the sea, a true leader who, with his people, has always stood for the freedom of the seas for all nations. May this ship long keep the seas in the battle for liberty. May the day come when she will carry the Norwegian flag into a home port in a free Norway!"

Crown Princess Martha said:

"Mr. President: On behalf of the King and the government of Norway I am very happy to accept this ship of war, which under the provisions of the Lend-Lease Act you have today transferred to my country. Having just returned from London, I am in a position to bear personal witness to the deep appreciation with which your friendly and generous action is being received by those who lead the Norwegian people in its fight for freedom.

"But not only the leaders—also Norwegian men and women everywhere, on the sea and on land, on the home front and on the external front—are stirred at what is taking place here today. It is not alone what this admirable, technically complete submarine chaser means as an addition to our fighting navy, but also, and not the least what it signifies as an expression of the friendship and common purpose of our great comrade-in-arms, the American people.

"The beautiful and generous words just expressed by you, Mr. President, about the Norwegian people and its contribution to our common cause, will ultimately find their way to every Norwegian home, every Norwegian ship on the seven seas, yes, to everywhere on this globe where Norwegian men and women are praying and working and fighting to regain the free and happy Norway of our deepest longing.

"Especially coming from one whose clear vision and unfaltering courage has contributed immeasurably to rally the forces of freedom, your words will bring hope and renewed faith in deliverance from the yoke of the barbarians.

"The tidings of America's rapidly increasing mobilized man power and war production, of the flaming spirit of America's fighting forces already manifested in engagements on land, sea and in the air, are every day telling our hard-tried people that with such an ally we cannot fail.

"The Royal Norwegian Navy is proud and happy to call their own this ship, named after our beloved leader, King Haakon VII. Those who are going to take her into the thick of our common battle tell me that their greatest ambition shall be to show themselves worthy of their flag, and of the trust and friendship of the President and the people of the United States."

Steel Convention

The 20th annual convention of the American Institute of Steel Construction will be held at the Broadmoor Hotel, Colorado Springs, Colo., Sept. 29, 30, Oct. 1 and 2. All the sessions will be devoted to war work, problems growing out of the national emergency and post-war prospects. It promises to be one of the most important gatherings of this industry.

From Washington

(Continued from First Page)

have been recently seeking to get prominent industrialists to issue statements against it. In Washington it is a good joke among the politicoes that Paul McNutt has been pushed into the position of being the advocate of regimented labor. The betting is about 10 to 1 that there will never be any such thing, but in the meantime the agitation is of considerable concern to labor leaders, and as matters stand, McNutt is the leading agitator for it. Manifestly, McNutt is looked upon as a politically ambitious man, and his rival politically ambitious men are currently tickled that they have him on the limb, which they consider they have him on.

But, to get back to the Republican chances: We have in the first place the apparent disinterest on the part of those voters whom the New Deal aroused and, secondly, those who are aroused, their dissatisfaction because they are now taxpayers and because of the threatened regimentation.

The situation is of considerable concern to Mr. Roosevelt. He sees his supporters, not necessarily moving against him, but still not enough excited to turn out and vote as he wants them to do. He will unquestionably do something about it.

The most effective thing he could do, as Washington political observers see it, is to make a so-called incognito trip around the country. On such a trip he would permit only the representatives of the three press associations to accompany him. And neither they nor any of the other Washington newspapermen would be permitted to write about the trip until he returned, at which time he would overwhelm any analytical observations of the trip with a lengthy statement, or perhaps a radio speech, telling about how he found the workers putting their shoulders to the wheel all over the country. Such a censorship of his real activities would be exercised under the guise that premature discussion would endanger his safety, and no writer in the country would want to be put in that light.

One might ask how the President could hope to politically cash in on such an unpublicized trip as this.

Well, let's assume he drops in unheralded on the workers in a General Motors plant in Detroit. Can you imagine anything more dramatic? There is no word of the visit even in the local newspapers. But the workers are astounded by the drama of the visit; they tell their wives; their wives tell others. In a short while the word sweeps all over Detroit that the President visited that city to see that war production was going all right. There can't be the slightest mention in the meantime of the political leaders he has talked to; there can't be a story of what he has really done; there can't be a story of what he has said to these workers; what he has adjured them to do; what he has promised them. The three reporters—and they are press association reporters with very little freedom in writing—can't possibly tell the whole story when they return. Assuming they write with unusual freedom, they would have to split their story into several pieces and in the meantime the overall propaganda of Mr. Roosevelt's report would have completely overwhelmed them.

Until the very eve of his 1940 election, Mr. Roosevelt made these so-called inspection tours. He wasn't campaigning, oh no—just inspecting defense plants. The Washington reporters still laugh about that.

You might say, well, why bring this up now—Mr. Roosevelt would not think of doing anything like we have pictured, with the country at war. Let's see if he does.

Anti-Inflation Bills Held Ineffective

(Continued from first page)

granted to those in the lowest income group in a company, the action may automatically put others in the same company in an inequitable wage category.

"The result may be that those in the higher wage levels will have to be given even larger wage increases in order to maintain an equitable wage structure.

"Again, you have a vicious circle of wage increases that leads to inflation."

Mr. Witherow told the controllers it was "the government's duty to stop inflation, just as it is the duty of the Army and Navy to specify the kind and type of weapons that are needed to stop and crush the enemy hordes." In contrast, he said, it was industry's job to continue the flow of war output. Complete conversion from peacetime operations to war production, Mr. Witherow said, had resulted in an increase of 350% in the war output since Pearl Harbor.

Two realities of the war, said Mr. Witherow, are the "mammoth problem" of paying for the war and "the treacherous threat of inflation. These we cannot put off until the war is won. They are part and parcel of the problems of how to win the war." The tax program, he said, must pay for the war and "sop excess purchasing power, to ward off and stop inflation cold."

"Much," he added, "could be done to eliminate efforts and delays if the Government would in some way correlate its efforts and data on taxes, prices, wages, and the renegotiation of contracts. This would free management of many distractions and expedite war production." Pending tax legislation before Congress, he told his audience, will create an "economic post-war chaos," because working capital, vital to reconversion to peacetime production after the war, will be depleted. "The Senate Finance Committee recognized this salient fact when, last week, it provided for a post-war rebate and debt reduction credit of 10% of the total amount of excess profits taxes. This is a minimum needed as a post-war essential," said Mr. Witherow.

Transfer Of Four Agencies To Manpower Commission

In an executive order issued Sept. 18, President Roosevelt transferred from the Federal Security Agency to the War Manpower Commission various employment services and training functions.

The move, it is indicated, is designed to assure most effective mobilization and use of the nation's manpower; it affects the U. S. Employment Service and all functions and power of the Social Security Board in the Federal Security Agency relating to employment service; the National Youth Administration; the apprentice training service, including those functions relating to the program to encourage apprentice training in defense industries, and the training within industry service of FSA.

FIC Banks Place Debs.

The Federal Intermediate Credit Banks on Sept. 17 made a successful placement of $18,400,000 debentures through Charles R. Dunn, New York, fiscal agent for the banks. The debentures were sold at par. The debentures are dated Oct. 1, 1942, and are due May 1, 1943, they carry a coupon rate of ¾%. The proceeds of the sale together with $4,545,000 cash will be used to pay off $22,945,000 outstanding debentures due Oct. 1 next. At the close of business Oct. 1, 1942 the banks will have outstanding $274,850,000 debentures.

Federal Reserve Board Reports Industrial Output Increased Further In August

Industrial output continued to rise in August and the first half of September and retail distribution of commodities also increased, the Board of Governors of the Federal Reserve System reported on Sept. 21 in its summary of general business and financial conditions. Prices of farm products and foods advanced further.

The Board's summary continues:

Production

Industrial output increased in August and the Board's seasonally adjusted index rose three points to 183% of the 1935-1939 average. There were further marked increases in activity in the machinery, transportation equipment, and other armament industries. Crude petroleum production increased considerably from the reduced level of recent months and output of manufactured food products rose more than is usual at this time of year. Production of materials, such as steel, non-ferrous metals, coal and lumber continued in large volume.

Value of construction contracts awarded in August declined from the record high levels of June and July, according to figures of the F. W. Dodge Corp. The extent to which the continuing large volume of construction reflects the war program is indicated by the fact that in the first eight months of this year 84% of total awards have been for publicly financed projects and in recent months the percentage has been higher.

Distribution

Distribution of commodities to consumers increased considerably in August, reflecting particularly marked increases in department store sales and in sales of general merchandise in small towns and rural areas. Dollar value of sales to consumers in August was somewhat lower than the unusually large sales a year ago, when there was a considerable amount of anticipatory buying, while average prices were about 12% higher. On the basis of physical volume, therefore, sales were smaller than a year ago.

Railroad freight-car loadings were sustained at a high level during August and the first half of September, reflecting continued large shipments of most classes of freight.

Commodity Prices

During August and the first half of September the general wholesale price index advanced about half a point to 99.2% of the 1926 average, reflecting chiefly increases in prices of livestock products. Prices of wheat, flour and some other uncontrolled commodities also advanced. New crop tobacco prices showed sharp increases over last year and a temporary ceiling at current levels was established for flue-cured types.

Retail food prices continued to rise from the middle of July to the middle of August and further increases are indicated in September. Prices of uncontrolled foods in August were 10% higher than in May.

Agriculture

Crop prospects improved considerably during August and aggregate production this year is expected to be about 15% greater than in 1941, which was close to a record year for crops. Unusually high yields per acre are indicated for most major crops and for some others, like oil-seed crops, substantially increased acreages are expected to be harvested. Feed grain supplies are expected to be of record proportions, but owing to the growing number of livestock on farms the supply per animal will probably be about the same as last season.

Bank Credit

Excess reserves of member banks, which have generally fluctuated between $2,000,000,000 and $2,500,000,000 in recent months, rose temporarily to over $3,000,000,000 on Sept. 16. This increase was due partly to a further reduction in reserve requirements on demand deposits at central reserve city banks from 24 to 22% and partly to Treasury disbursements out of its balances with the Reserve Banks in connection with Sept. 15 tax collections and fiscal operations. Funds for these disbursements arose in part from the issuance of special one-day certificates to the Reserve Banks.

Excess reserves of New York City banks have been declining for a number of months owing principally to the excess of funds raised in that city by the Treasury over amounts expended there. The effect of this drain has been offset in part by purchases of Government securities by the Federal Reserve System and by the two successive reductions in reserve requirements.

At banks outside New York City excess reserves have shown little change in recent months. These banks have lost reserves through currency drain and their required reserves have increased owing to growth of their deposits; both these factors, however, have been largely offset by transfers of funds from New York.

Holdings of Government securities at New York City banks, which increased substantially in July and August, declined somewhat in the first half of September. At banks outside New York City holdings have continued to increase.

United States Government Security Prices

The recent $3,000,000,000 Treasury cash financing operation had little effect on the Government securities market, and prices continue steady.

Congress Debates Wage-Price Stabilization Bills President Opposes Higher Parity Formula

Debate on the anti-inflation legislation giving President Roosevelt broad authority to stabilize wages, salaries and prices began in the Senate on Sept. 21 and in the House on Sept. 22.

The Senate bill directs that these factors in the cost of living be established at levels of Sept. 15 and the House bill would set up Aug. 15 standards. While the two measures differed somewhat both carried out the Administration's wish with respect to farm price ceilings when the Banking Committees of both Houses rejected farm bloc demands for a new farm-price parity formula that would have included farm-labor costs. President Roosevelt in a letter to the Chairmen of the Banking Committees on Sept. 17 expressed his "unalterable opposition" to any recomputation of parity at this time. (Parity is a price level calculated to give farmers a return for their crops comparable to a past favorable period, usually 1909-14.)

In opening debate on the bill on Sept. 21 the Senate tentatively approved an amendment fixing a Nov. 1 deadline for Mr. Roosevelt to exercise the proposed powers to control the cost of living.

As to the method of stabilizing wages and salaries the Senate measure would empower the President to determine the same whereas the House bill directs the President to follow the War Labor Board's so-called "Little Steel" formula of permitting increases not to exceed 15% above Jan. 1, 1942 levels—an amount equivalent to the rise in living cost since that date. The Senate Banking Committee had also tentatively agreed on Sept. 17 to accept the "Little Steel" formula but struck this provision from its bill in approving it on Sept. 18.

With respect to farm price ceilings both bills contain clauses which would grant the farmer either parity or the highest price for commodities existing between Jan. 1 and Sept. 15. In addition, the Senate bill permits price adjustments to overcome "gross inequities" to meet increased labor costs. Both measures also set a floor under certain farm prices by mandatory government loans at 90% of parity, instead of the present 85% loan rate. These latter provisions were concessions to the farm group leaders, who sought to include hired labor costs in the computation of farm parity prices.

The President's letter opposing revision of the parity formula follows:

"My attention has been drawn to proposals to revise the parity formula in connection with the legislation I requested on Sept. 7. I understand that it is proposed to include certain allowance for farm labor in the index of prices which farmers pay that is used in computing parity prices.

"I should like to make clear my unalterable opposition to any recomputation of parity at this time. In my message of Sept. 7 I stated: In computing parity, we should continue to use the computations of the Bureau of Agricultural Economics made under the law as it stands today. This will continue to be my policy.

"Earlier in my message I stated, After all, parity is by its very definition, a fair relationship between the prices of the things farmers sell and the things they buy. Calculations of parity must include all costs of production including the cost of labor.' By that I meant what the language states—that parity is fair and it is fair because it now includes the labor cost incorporated in the prices of the things which farmers buy. It is this which brings farmers into a fair relationship with other groups. This is the purpose of parity. This the present formula does.

"The parity principle for which this Administration has stood since 1933 was a good standard for peacetime—it is a good standard for war. To recalculate parity now and to offer to the public 100% of a new and higher parity would be to offer stabilization, yet destroy the possibility of achieving it."

Introduction of the original Senate and House bills on Sept. 14 was reported in these columns Sept. 17, page 983.

Garside Quits Cotton Exch.

Alston H. Garside, who has been economist of the New York Cotton Exchange for the last 13 years, will leave the employ of the Exchange at the end of this month. Mr. Garside states that he expects to continue to engage in cotton economic work of a public character, but he gives no details as to his plans. In a statement issued by him, he says, however:

"I plan to continue to engage in writing for the public in the field of cotton economics. It would appear that in these times, when the marketing of cotton is undergoing radical changes, there is an exceptional opportunity for one to do constructive work in this field." In his association with the Cotton Exchange since 1929 in the capacity of economist, Mr. Garside has conducted the Trade Report and Basic Data Report services and has had charge of the compilation of the Cotton Yearbooks of the Exchange. He is author of the book entitled "Cotton Goes to Market."

July Food Deliveries For Shipment To Allied Nations

The Department of Agriculture reported on Sept. 16 that nearly 600,000,000 pounds of foodstuffs and other agricultural commodities were delivered by the Agricultural Marketing Administration during July for shipment to the allied nations. The deliveries were slightly larger than in the preceding month.

The largest food requests of the allies, as reflected by AMA's July deliveries, continued to be for grains and cereal products, of which 148,800,000 pounds were delivered during the month. Second largest quantity was in meats and fish, 122,400,000 pounds of which were delivered, the amount being slightly greater than in June. The 64,000,000 pounds of dairy products and eggs delivered was smaller than in the previous month, due in part to the shift in allied requests from evaporated to dry milk.

The Department's announcemen further stated:

"AMA was able to supply the allied nations much larger quantities of badly-needed fats and oils during July, and also laid down at shipside increased quantities of processed fruits, vegetables, and non-foodstuffs, including cotton and tobacco.

"To fill the increasing demands of the United Nations, AMA is now beginning to dig into inventories which were fortunately accumulated last winter and spring," officials said. "Stocks of dairy and poultry products, and fruits declined slightly during July, and meat in somewhat greater degree. However, AMA's inventories of such urgently needed commodities as fats and oils, fish, and canned, dried, and dehydrated vegetables, increased somewhat during the month.

"In addition to concentrated foodstuffs, the allied nations have been able to move large quantities of the more bulky commodities, such as salt pork, grain, and cereals. These products are needed abroad, and prompt shipment is also important here in order to release storage and transportation facilities required for handling new supplies of foodstuffs now becoming available from this year's production.

"At present approximately 65% of the foodstuffs purchased by AMA is going directly to the allied nations, and about 35% is being consigned to stockpile position for anticipated allied needs and for other uses."

ODT Curbs Taxi Operations In N. Y. City

Drastic curtailment of taxicab service in New York City in furtherance of the Office of Defense Transportation's program to save rubber, gasoline and equipment was ordered recently by Joseph B. Eastman, ODT Director. The order became effective Sept. 20.

Fleet operators (those who operate three or more taxicabs) were ordered to discontinue operating by not less than a third the number of cabs for which they are entitled to city licenses on the effective date of the order.

Individual operators (those who operate less than three taxicabs) were ordered not to operate any taxicab more than six days a week. Furthermore, they were prohibited from increasing the number of shifts any cab has been operating.

Operating regulations included in the order, General Order ODT No. 22, were:

No taxicab can be driven outside the State of New York.

No taxicab can be driven more than five miles beyond the corporate limits of the City of New York.

There are about 11,700 taxicabs in New York City. This represents 22% of all the licensed cabs in the entire United States. In proportion to population there are more cabs in New York City than in any other city in the country except Washington. In New York City, there is one cab in operation for every 640 persons.

Director Eastman estimated that the order will result in these approximate savings:

About 107,000,000 taxi miles a year. Considering four tires to a taxi, the yearly saving will be 428,000,000 tire miles.

The need for 15,000 new tires, and the same number of recaps, will be eliminated.

Gasoline consumption will be reduced more than 10,000,000 gallons a year.

The order affecting the New York City taxicab operations is in addition to the regulations imposed by General Order ODT No. 20, which was effective Sept. 1 and which brought the entire taxicab industry of the United States under ODT restrictions (referred to in these columns of Sept. 3, page 81).

In issuing the order, Mr. Eastman said that it establishes a general conservation pattern in the industry which may have to be applied to other cities.

Military Decisions Made At London Conference

The White House announced on Sept. 8 that a conference was held in London in July between British and American officials, at which "the whole conduct of the war was thoroughly canvassed and, with the approval of the President, the necessary decisions regarding military operations were made."

The representatives of the United States Government were Harry L. Hopkins, personal representative of the President; Gen. George C. Marshall, Chief of Staff of the Army, and Admiral Ernest J. King, Chief of Naval Operations. The White House said that the American Chiefs of Staff and Mr. Hopkins held important meetings covering a period of 10 days with the British Chiefs of Staff and Prime Minister Winston Churchill.

Stephen Early, Secretary to the President, was in London at the same time for conference with Brandon Bracken, British Minister of Public Information.

On the return trip from London the American conferees visited Iceland and inspected the American bases there, the announcement concluded.

These developments followed President Roosevelt's radio address to the nation on Sept. 7, in which he said that the "power of Germany must be broken on the battlefields of Europe." The aim, he asserted, was "an offensive against Germany," and there were at least 12 points against which an attack could be made.

OPA Standards Division

Direct attack on the hidden price increases that result from debasement of quality, use of inferior materials, and "skimping" on measurements and workmanship is being launched by the Office of Price Administration, Leon Henderson, Administrator, announces.

To this end, Mr. Henderson disclosed that he has created a Standards Division which will provide OPA operating divisions with the technical assistance required to develop specific standards for inclusion in all OPA regulations where quality of product is a factor. These standards, which must be met if the commodity or product is to command the applicable maximum price, will include definitions of quality and may require goods to be identified and labeled accordingly.

The new division will not confine its activities to price regulations alone, but will also develop the standards for rationed commodities so that consumers will obtain fair quality as well as quantity when buying rationed goods. In the rent field, the new division will define the nature and extent of facilities and services which tenants must receive in return for their rentals in areas under OPA regulation.

The new division will make the fullest use of the work being done by the Bureau of Standards, Department of Agriculture, War Production Board, and other government agencies, as well as qualified standardizing groups outside the government.

Initially, Dexter M. Keezer, Deputy Administrator in charge of general services, will act as director of the Standards Division with Willis S. MacLeod as chief of technical operations. Dickson Reck will be Mr. MacLeod's senior technical associate.

Wages of Many Workers Gives Bare Subsistence

About 7,500,000 American workers earn 40 cents an hour or less, thus keeping them at the edge or below minimum standards of health and decency, it was reported recently by L. Metcalfe Walling, Administrator of the newly consolidated Wage and Hour and Public Contracts Divisions of the Department of Labor.

Mr. Walling's statement further said:

"The 7,500,000 workers being paid less than 40 cents hourly represent 19% of the 40,000,000 American wage earners exclusive of proprietors and Government employees.

"Of this number, 1,500,000 covered under the wage and hour law are getting between 30 and 40 cents. Some of the others in agriculture, retail trade, domestic service, fisheries and other types of work not covered by the wage and hour law are getting as little as 15 cents an hour or less.

"Even for those of the 7,500,000 who are getting up to 40 cents an hour, or $16 at the most for a 40-hour week, it must be remembered that the rise in prices has leveled the purchasing power of their 40 cents down toward that of the 30 cents set as a minimum standard of decency when the Act was passed in 1938.

"In addition, even in these war times, there are still employers who illegally withhold from their workers even the modest minimums required by law. Since Pearl Harbor about $16,250,000 in restitution has been agreed to or ordered paid to 415,000 workers in 22,000 establishments throughout the country."

August Life Insurance Sales Decline

The sale of ordinary life insurance in the United States in August amounted to $430,297,000, a decline of about 26% from the volume sold in the corresponding period of 1941, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first eight months of 1942, aggregating $4,462,043,000, is only about 3% below the amount sold in the same period of 1941.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

	AUGUST 1942		YEAR TO DATE	
	Sales Volume in $1,000	Ratios '42-'41 All Cos.	Sales Volume in $1,000	Ratios '42-'41 All Cos.
U. S. total	$430,297	74%	$4,462,043	97%
New Engl'd	34,983	78%	358,838	97%
M. Atlantic	100,695	68%	1,190,292	96%
E. N. Cent.	97,929	75%	1,012,264	96%
W. N. Cent.	44,693	80%	433,595	100%
S. Atlantic	44,285	73%	428,234	93%
E. S. Cent.	17,515	73%	179,929	97%
W. S. Cent.	32,785	74%	320,373	95%
Mountain	12,123	76%	113,334	95%
Pacific	45,289	83%	425,184	106%

Bill Would Freeze Social Security Tax

Saying he was "unalterably opposed to raiding social-security trust funds" for the purpose of financing the war, Senator Vandenberg (Rep., Mich.) introduced in the Senate on Sept. 17 a bill to freeze social-security payroll taxes on both employers and employees at 1% through 1943. Unless Congress acts before Jan. 1 these taxes, under existing law, will increase automatically to 2%.

In introducing his bill, Senator Vandenberg said that the Treasury "not only desires to have the statutory payroll tax proceed to 2% on Jan. 1, 1943, but it actually will ask that the tax be further increased to 5%."

The reasons for the proposed increase, the Senator said, "have nothing to do with social-security or old-age payments," but with "a further so-called attack upon inflation and with the creation of new reservoirs of general bond sales credits."

Mr. Vandenberg further stated:

"I completely acknowledge the need for mobilizing every possible resource against inflation; and certainly I completely acknowledge the unavoidable necessity for some form of enforced savings to sustain the public credit in the face of our unavoidably tremendous war expenditures; but, Mr. President, I am unalterably opposed to raiding social security trust funds for these purposes, or for any purpose not directly related to the social security benefits which these payroll taxpayers are presumed to buy for themselves with their assessments. The problem of financing the war is a separate problem and it must be candidly and courageously faced as a separate problem. If we must have enforced savings or induced war bond purchases, the order should be candid and courageous and, above all, it should be universal and not applied solely to the employers and the workers of the country who alone pay these social-security taxes."

In his remarks to the Senate on the introduction of the bill, Senator Vandenberg also pointed out:

"The proceeds of this payroll tax have but one legititmate purpose and justification: First, either to pay old-age benefits, plus the cost of administration, or, second, to build a reasonable reserve for the future guaranty of these payments.

"For the fiscal year ending June 30, 1942, these receipts amounted to $972,000,000—that was the amount collected under the 1% payroll rate on both employers and workers — against withdrawals or payments of $141,000,000. Obviously, an increased payroll tax on employers and workers of the country is not necessary in order to meet current old-age obligations. Furthermore, the existing 1% payroll tax on both employers and workers, in actual fact, will produce as much revenue as it was estimated would be derived from a 2% tax when the existing statutory tax schedule was written by Congress in 1939."

With respect to the question whether the 100% increase in payroll taxes is necessary to sustain an essential reserve, Senator Vandenberg said that the assets of the trust fund—the reserve—were $3,227,000,000 at the end of the 1942 fiscal year. He quoted from Secretary of the Treasury Morgenthau's testimony before the House Ways and Means Committee in 1939 that a "reserve amounting to not more than three times the highest prospective annual benefits in the ensuing five years" would be adequate to protect the system. Mr. Vandenberg went on to say that the present reserve "is not three but 30 times the anticipated benefit payments in any one of the next five fiscal years; and it is not three but six times the total anticipated benefits during all of the next five fiscal years combined." He concluded that "there is no justification, on the basis of the accepted Congressional formula, for permitting the statutory doubling of payroll taxes for these purposes on Jan. 1, 1943."

Orders New Census Of Foreign-Owned Property

The Foreign Funds Control Division of the Treasury Department today announced regulations requiring a supplemental census of foreign-owned property.

The Treasury's announcement of Sept. 17 explained:

"Pursuant to Public Circular No. 4C, issued under the freezing orders on Sept. 14, 1942, the supplemental census will be reported on Series L of Form TFR-300 which is now being distributed to the Federal Reserve Banks. Reports on this series will supply current information concerning the property of certain groups of persons to supplement the comprehensive survey of foreign-owned property on the previous series of Form TFR-300, issued last year. In some circumstances persons reporting on Series L will also be obliged to file reports on one or more of the earlier series, so that complete information will be available concerning all property reported.

"One of the largest groups of persons who must report are nationals of foreign countries entering the United States at any time after Oct. 31, 1941. Persons who are already in this country must file their reports on or before Oct. 15, 1942, and those entering hereafter must file within 30 days of their entry. Reports are also required from persons whose property is blocked under Executive Order No. 8389 by specific direction of the Treasury Department and from anyone who holds property belonging to such a person. These reports are to be filed whenever blocking directions are issued by the Department.

"Persons holding property of any one whose name is on 'The Proclaimed List of Certain Blocked Nationals' must also report on Series L. Reports concerning property of persons whose names are already on the list must be submitted on or before Oct. 15, 1942, and reports relating to persons whose names are added in the future must be made within 15 days from the date the addition is promulgated.

"Public Circular No. 4C, which will also be available at the Federal Reserve Banks, contains complete instructions for preparing reports on Series L. The Federal Reserve Banks will answer any questions concerning the reporting requirements."

Billions More For Navy Asked By President

President Roosevelt asked Congress on Sept. 21 to appropriate $2,731,154,307 for the Navy, to supplement regular appropriations already made. The President also sought $100,000,000 for arming merchant ships. The largest item in the new request, which the Budget Bureau said was necessary "to provide for additional requirements for the prosecution of the war," was for $960,000,000 for the Bureau of Aeronautics. Of this latter total, $820,000 would be for the procurement of helium.

Other items in the request included:

Training, education and welfare, $21,640,000, pay, subsistence and transportation of naval personnel, $734,216,136, Bureau of Yards and Docks, $35,069,775, including sufficient funds to purchase 2,000 passenger vehicles, Marine Corps pay, $204,448,642, miscellaneous expenses of the Marine Corps, $250,000,000, Coast Guard pay, allowances and miscellaneous expenses, $339,166,000.

Post-War Cooperation Must Be Extensive

The Bank for International Settlements, Basel, Switzerland, said on Sept. 7 that financial and commercial cooperation in the peace arrangement to come must be extensive if the world is to avoid the errors which proved so harmful in 1918.

The following was reported by the Associated Press:

"The remarks were made in the twelfth annual report of the institution, established to solve the financial problems created by the last war and later to be a clearing house for all the big central European banks.

"Current business has been cut sharply by the war, but the Bank for International Settlements expects a big job after the peace.

"In some respects, the report said, financial policies pursued by the warring countries should make the solution of certain post-war problems easier than in 1918.

"The bank pointed out that taxation has been increased more resolutely, covering about half the governments' expenditures.

"In 1914-18, the British met only 20% of their current expenditures with current revenue and Germany only 13%, the report said.

"Once specific war expenditures disappear, the bank said there should be sufficient budget revenue to meet current requirements.

"Another important difference in this war is that much more drastic steps have been taken to prevent borrowing for speculative purchases of real estate and stocks.

"The outstanding fact of the world gold situation, the bank said, was that gold production for the first time since 1929 is practically at a standstill, amounting in 1941 to about 41,000,000 ounces and with the expectation that production in the next few years will decline.

"For the first time since 1934, the United States did not absorb the whole current output of gold. Of the new gold produced, amounting approximately to $1,435,000,000 about $742,000,000 went into monetary gold stocks in the United States in sharp contrast to the previous year when United States gold reserves rose $4,351,000,000 or three times the present gold production."

Million Man-Days Lost Through Strikes

Strikes in war industries caused a loss of 1,130,678 man-days work in the first seven months of this year, the War Labor Board reported recently. A compilation showed that, on the average, eight out of every 10,000 workers were idle because of strikes in industries covered by the report.

Regarding the report, United Press advices said:

"The report revealed that 295,734 workers ignored the pledge of labor and industry leaders not to strike, a pledge made at the request of President Roosevelt soon after the United States entered the war. There were 728 strikes, the workers involved, the Board said, being less than 3% of the total employed.

"Non-defense strikes were not included in the compilation of the Board. United States Conciliation Service reports indicated that there usually are three or four times as many non-defense as defense strikes.

"From Jan. 13, the date the Board was established, through Aug. 31, Secretary of Labor Perkins sent to the Board 459 disputes involving 2.603,823 workers. Of that number eighty-eight were strikes involving 84.144 workers.

"The Board reported that man-days lost by strikes in war industries increased from 46,000 in January to 255,000 in June. The July total was 234,000.

"The report showed that during January 13,000 workers involved in thirty-one strikes lost 46,000 man-days of work. The figures jumped to 27,000 workers, fifty-seven strikes and 119,000 man-days lost in February.

"In March there were 39,000 strikers in seventy-four strikes and a loss of 167,000 man-days; in April, 43,000 strikers, ninety-five strikes and 170,000 man-days lost; in May, 48,000 strikers, 144 strikes and 137,000 man-days lost; in June, 85,000 strikers, 192 strikes and 255,000 man-days lost, and in July, 81,000 strikers in 222 strikes and 234,000 man-days lost.

"Board officials stated that many of the strikes continued from one month into the next and therefore the number of strikes and strikers was duplicated in consecutive months.

"The Board has obtained settlements in 205 disputes involving 1,414,394 workers. It has pending at the start of this month 254 disputes involving 1,189,429 workers."

Foreign Traders To Convene In Boston

Wartime problems of the foreign trader and the future of America's place in the markets of the world will be discussed at the 29th National Foreign Trade Convention to be held at the Hotel Statler, Boston, Oct. 7, 8 and 9.

Leading speakers at this Convention will include Under Secretary of State Sumner Welles, who will speak at the World Trade Dinner, and who will be presented at that function with the Captain Robert Dollar Memorial Award, for "his distinguished contribution to the advancement of American foreign trade." Governor Leverett Saltonstall of Massachusetts will also speak at the World Trade Dinner.

The opening session on Oct. 7 will be addressed by the Chairman, Charles E. Spencer, Jr., Chairman of the Boston Convention Committee and President, First National Bank of Boston; James A. Farrell, Chairman of the National Foreign Trade Council; Under Secretary of Commerce Wayne C. Taylor, J. E. Otterson, Chairman, American Maritime Council, New York.

The Bankers Association for Foreign Trade will also hold a session on Oct. 7. The speakers include Warren Lee Pierson, President, Export-Import Bank of Washington; Joseph C. Rovensky, Assistant Coordinator of Inter-American Affairs, and Wilbert Ward, Vice-President, the National City Bank of New York.

Other sessions of the Convention include: Tax Committee Group, Transportation and Insurance, Education, Panel Discussion on Governmental Operations Affecting Foreign Trade, The Americas' Session, Wartime Export Forum, Importers' Group Session, Cuban Committee Group Session, Industrial Groups, Economic Reconstruction Session, and the final session, on Oct. 9, at which the Final Declaration of the Convention will be presented to the delegates for ratification.

Distinguished speakers will address the various sessions, including the following: Nelson A. Rockefeller, Coordinator of Inter-American Affairs; Thomas J. Watson, Chairman, Committee for Economic Reconstruction and President, International Business Machines Corp.; Raymond H. Geist, Chief, Division of Commercial Affairs, Department of State; James S. Carson, Vice-President, American & Foreign Power Co.; H. H. Pike, Jr., Vice-President, H. H. Pike & Co., Inc.; Eugene P. Thomas, President, National Foreign Trade Council; William K. Jackson, Vice-President, United Fruit Co.; Eliot Wadsworth, Chairman, American Committee, International Chamber of Commerce; M. M. Sterling, President, National Council of American Importers; John F. Tinsley, President, Crompton & Knowles Loom Works; Dr. Edwin Borchard, Yale University.

The program has been planned to cover wartime and post-war problems and about 30 of the leading officials of Government departments and wartime agencies will be present to answer questions.

Quick Action Urged On Taxes, Inflation

Immediate and concrete action in the adoption of a broad anti-inflationary program and a comprehensive but sound tax bill are urgently necessary, it is pointed out by Henry H. Heimann, Executive Manager of the National Association of Credit Men, in the Association's mid-monthly review of business released Sept. 15 to its 20,000 manufacturing, wholesaling and banking members.

The multiplicity of recent tax proposals, Mr. Heimann declares, has left "tax-conscious citizens in a virtual daze.

"The most important piece of tax legislation ever attempted has been beset with tax programs as varied as the winds," Mr. Heimann says. "If our military leaders changed their over-all strategy as frequently as tax changes have been proposed there would be little hope for us in the war.

"This nation at war deserves to know from its leaders and its representatives the full scope of the war burden. Through Selective Service, we have a reasonably clear conception of the future man-power needs. We deserve to and must know as much about the calls that we can expect on our financial strength."

Discussing inflation, Mr. Heimann states that "no single weapon can prevent inflation. It requires many, and above all it requires courage to adopt the broad program that is necessary, and to do this in time — not after the vicious trend has begun.

"It is idle to speak of checking inflationary tendencies and then eliminate large segments of our economic forces from playing their part in the program. Much has been said against the farm price parity program. The farmer, along with every other citizen must do his bit. But he is not alone. Millions of wage-earners must realize that wages and salaries offer as great a potential source of danger as any single factor.

"We must have the courage to face these facts and to act accordingly. Deferring the day of action merely makes the problem more difficult. The times call for full control of inflationary factors. Shortly it will be too late.

"Let us make sure that our anti-inflationary program is not branded 'too little—too late'! And in so acting, let us follow the democratic processes laid down by the Constitution for our republican form of government."

The tax situation, Mr. Heimann says, is involved, but "there can be no confusion about some of the facts about our present tax outlook and the type of tax legislation that is needed." He added:

"Any delay of a sound tax bill due to political expediency or class favoritism or blind intolerance to an alternate plan of taxation merely because it is new, is a definite hindrance to the war effort, far beyond the amount of taxes involved, because it keeps the minds of men and women so absorbed in trying to analyze what taxes may be in store that the reserve energy so essential to a successful prosecution of the war is channeled away through indecision and uneasiness."

Copper Recovery Program Aiding Many War Plants

Transfers of copper from idle and excess inventories to producers needing this critical metal for the manufacture of munitions, planes, tanks and other implements of war, is aiding hundreds of war plants to maintain schedules and, in many instances, is preventing complete shutdowns when emergency shortages occur.

This was revealed on Sept. 9 when the Inventory and Requisitioning Branch of the War Production Board announced that 29,700,000 pounds of copper and copper base alloys have been allocated from immobilized stocks to war production channels through the WPB's copper recovery program, instituted eight weeks ago.

Of this total 2,400,000 pounds were allocated for stockpiling to meet future anticipated demands for standard shapes and sizes of mill products; 6,300,000 pounds were reported and allocated as scrap; 9,300,000 pounds were allocated, or known to have been moved for use in existing form under Priorities Regulation No. 13, and 11,700,000 pounds were allocated to brass mills and ingot makers for remelting.

In making the announcement, E. A. Tupper, Chief of WPB's Inventory and Requisitioning Branch, said:

"To date over 14,000 firms have reported a total of 111,000,000 pounds of idle and excess inventories of copper and copper base alloys. Much of the copper reported has been offered for voluntary sale at the government's prices. That which the owner refuses to sell but which is nevertheless needed for war production will be requisitioned.

"Copper and copper base alloys are now being allocated from idle inventories into strategic war production at the rate of over 4,000,000 pounds a week.

"While this is double the original estimate for this date, the current needs of our vast war production machine are now so great that even this figure must again be doubled within the course of the next few weeks."

A special unit from the Copper Branch of WPB has been set up in the offices of Copper Recovery Corporation, 200 Madison Avenue, New York, N. Y., to locate copper in the forms needed, and to redistribute it to war plants urgently requiring it because of unforseen material shortages, plant breakdowns, receipt of new war orders or other emergencies. In most of these emergencies, the war plant cannot wait for receipt of the needed shapes from its regular source of supply.

At the present time, the WPB further said, emergency requests for copper in various forms are being received from war plants and the armed services at the rate of 500,000 pounds a day. More than half of all these emergency requests are being successfully filled from idle and excess inventories where the materials are located in exactly the form needed sales arranged and immediate shipments made.

Latin-American Trade Group Headed by Glenn

John B. Glenn, President of the Pan American Trust Co., New York City, was elected Chairman of the new Latin American Section of the New York Board of Trade at the first meeting of the group's executive committee, held at the Banker's Club, on Sept. 10.

Charles B. Williams, Vice-President of Underwood Elliott Fisher Co. and Honorary President of the Mexican Chamber of Commerce, was named Vice-Chairman of the new section, organized to promote inter-American trade relations. Hal F. Lee, of the New York Board of Trade, was elected Secretary and Treasurer.

The new inter-American trade group was formally organized a week ago at a luncheon honoring Rafael de la Colina, Consul General of Mexico, who announced the award of Mexico's highest civilian decoration, the Mexican Aztec Eagle, to Mr. Glenn and to Frederick E. Hasler, Chairman of the Board of the Continental Bank and Trust Co., New York City, and President of the Pan American Society. The actual award of these decorations was made Sept. 10 at a reception at the Yale Club, tendered Messrs. Glenn and Hasler by Jerome S. Hess, internationally known attorney. The presentation was made by Mexican Consul General, Rafael de la Colina, representing President Avila Camacho, of Mexico.

A program of work committee of the Board of Trade's new Latin American Section was appointed, comprising Charles B. Williams, Chairman; John Zellers, President New York Advertising Club and Vice-President Remington Rand, Inc., and Arthur Rocke, President Rocke International Electric Co.

Other members of the newly-elected executive committee are: J. W. Chapman, Vice-President Grace Line; L. A. Cholot, Pan American Airways; F. J. Emmerich, Vice-President Block International Co.; Jerome Hess, Hardin, Hess & Eder; Percey C. Magnus, President Magnus, Mabee & Reynard and New York Board of Trade; F. P. Mattox, President National Paper & Type Co.; Charles Milbauer, National Sugar Refining Co., and Charles T. Wilson, President Charles T. Wilson Co.

Horton On WLB

The National War Labor Board recently announced that President Roosevelt had appointed H. B. Horton, Treasurer of the Chicago Bridge and Iron Corp., to replace Walter C. Teagle, Chairman of the Board of the Standard Oil Co. of New Jersey, who has resigned after serving continuously for a year and a half as an employer member of the National Defense Mediation Board and the War Labor Board.

The President also appointed Robert F. Black, President of the White Motor Co., Cleveland, Ohio, as an alternate employer member of the Board to replace Mr. Horton, who had served in that capacity since the Board's creation Jan. 12, 1942.

The employer members of the Board now are: Roger D. Lapham, Chairman of the Board of the American-Hawaiian Steamship Co.; George H. Mead, President of the Mead Corp.; E. J. McMillan, President of Standard Knitting Mills, and Mr. Horton, regular members; and R. R. Deupree, President of Proctor and Gamble; Cyrus Ching, Vice-President of U. S. Rubber Co.; H. L. Derby, President of American Cyanamid and Chemical Co., and Mr. Black, alternate members.

August Living Costs Up In Industrial Cities

Living costs for wage earners and lower-salaried clerical workers rose from July to August in 46 of the 70 cities surveyed each month by the National Industrial Conference Board. In nine cities the cost of living advanced 1.0% or more. No change occurred in four cities, while in 20 costs were lower by 0.1 to 1.1%. In the United States as a whole, the level of living costs rose 0.3%, due chiefly to a 0.8% increase in food prices.

The cost of living was higher this August than in August, 1941, in all the cities for which comparable figures are available. It rose above the level of a year ago from 6.8% in Grand Rapids, the smallest increase shown, to 15.3 in Oakland, the largest. For the United States as a whole, the cost of living increased 9.7% during the 12-month period.

Electric Output For Week Ended Sept. 19, 1942 Shows 14.8% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 19, 1942, was 3,756,922,000 kwh., which compares with 3,273,375,000 kwh. in the corresponding week last year, an increase of 14.8%. The output for the two-week period ended Sept. 12, 1942, which included the Labor Day holiday, was 12.4% in excess of the similar period in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Sept. 19	*Sept. 5 & 12	Aug. 29	Aug. 22
New England	7.5	7.9	6.2	6.2
Middle Atlantic	10.2	7.5	5.9	10.9
Central Industrial	10.8	9.2	8.8	9.4
West Central	11.9	10.4	10.4	8.7
Southern States	19.3	13.9	15.6	19.0
Rocky Mountain	12.5	12.0	8.1	8.9
Pacific Coast	28.9	28.2	24.8	27.1
Total United States	14.8	12.4	11.6	13.7

*Revised.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
July 4	3,424,188	2,903,727	+17.9	2,425,229	1,341,730	1,592,075
July 11	3,428,918	3,178,054	+ 7.9	2,651,626	1,415,704	1,711,625
July 18	3,565,367	3,199,105	+11.4	2,681,071	1,433,993	1,727,225
July 25	3,625,645	3,220,526	+12.6	2,760,935	1,440,386	1,723,031
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2.743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22	3,673,717	3,230,750	+13.7	2,714,193	1,436,440	1,750,056
Aug 29	3,639,961	3,261,149	+11.6	2,736,224	1,464,700	1,761,594
Sep 5	3,672,921	3,132,954	+12.4	2.591,957	1,423,977	1,674,588
Sep 12	*3,583,408	3,222,346		2,773,177	1,476,442	1,806,259
Sep 19	3,756,922	3,273,375	+14.8	2,769,346	1,490,863	1,792,131
Sep 26	------	3.273.376		2,816,358	1,499,459	1,777,854

*Revised.

Steel Operations Slightly Lower—New Steel Quota Plan Likely—Delivery Pressure Shifts

"Steel distribution in wartime—perhaps the toughest problem of the U. S. production front—this week was to feel the magic touch of Barney Baruch, the head of the War Industries Board in the last war and the master trouble shooter of this war," reports "The Iron Age" in its issue of today (Sept. 24), which further goes on to say in part:

"Under Mr. Baruch's influence—he has just surveyed and made plans for whipping the rubber shortage—a new quota system under which a master scheduling board will strive to channel steel products to hungry war plants is likely to go into effect shortly.

"The appointment of Hiland G. Batcheller, Allegheny Ludlum Steel Corp. President, as head of the War Production Board Iron and Steel Branch points to a new drive for more efficient steel distribution.

"Coming after the appointment of Ernest Kanzler, Universal Credit Co. (Ford) President, as WPB Director General for Operations, and Charles E. Wilson, General Electric President, as WPB Vice Chairman, the appointment of Ferdinand Eberstadt, former Chairman of the Army and Navy Munitions Board, as Vice-Chairman, suggests that President Roosevelt, Donald M. Nelson and Mr. Baruch are planning fundamental changes in the War Production Board.

"Industry notes that Mr. Eberstadt will be responsible for the determination of programs and schedules and will be in charge of the flow of materials. He is known to favor both the steel quota plan—which now seems headed for adoption after some rough handling by its foes at Washington — and the Contract Production Control plan on an industry-wide basis.

"The above plans involve the use of warrants, linking actual needs to actual capacity, and will, if adopted, replace the priorities system for steel.

"Under the Quota Plan for steel distribution, the Army, Navy and other government agencies will be obligated to indicate at regular intervals just how much steel they need, what they need it for, and how urgent the need is. The material is to reach the prime or subcontractor of a war order exactly when he needs it. Adoption of the overall control plan would undoubtedly throw out the PRP and other stopgaps in atempts to get a straight line approach to the steel problem.

"Supporters of this new plan for steel control believe that within a month or so after its adoption paperwork will be sharply reduced for steel producers and consumers, reports will be cut, and production schedules will be simplified.

"Frequent changes in the strategy of the war and the constant growth in the Nation's industrial war machine presents many problems, not all of which will disappear if and when the new Quota Plan for steel channeling is adopted. A short time ago the plate situation was described as the most critical, with the effects of the shortages on ship construction getting the front of the stage in war shortage discussions. This week some consumers find it easier to obtain plates than sheets, reports from several areas indicating that the bar and sheet picture is the blacker. Alloys, of course, remain the No. 1 critical problem."

The American Iron & Steel Institute on Sept. 21 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 96.2% of capacity for the week beginning Sept. 21, compared with 97.2% one week ago, 97.3% one month ago and 96.8% one year ago. This represents a decrease of 1.0 point or 1.0% from the preceding week. The operating rate for the week beginning Sept. 21 is equivalent to 1,645,700 tons of steel ingots and castings, compared to 1,662.800 tons one week ago, 1,664,500 tons one month ago, and 1,599,300 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 21 stated in part: "Emphasis on deliveries is shifting from plates to bars, production of the former having moved up for several months to a point fairly even with demand, while the bar situation has not improved.

"As a result some steel is being diverted from plates to other products, including bars. This does not apply to wide sheared plates, for which demand exceeds supply. In bars, deliveries on highest ratings average three to four months, the pinch felt especially in large rounds and in flats. With large requirements for shell rounds expected to come out later in the year the situation promises to become even tighter. Following the success achieved in control of plate production and distribution under the allocation plan a similar system may be expected to be applied to bars.

"Supply of National Emergency steels is increasing but deliveries are delayed as badly as was the case in the older alloys. The new steels are winning gradual acceptance as tests prove their adaptability to various uses. A large proportion is said to be going into use without heat treatment, which limits information as to their action under processing.

"An allocation system for hot-rolled bars for cold finishers is scheduled to go into effect soon, based on the plan previously announced and later withdrawn, with allocations on a monthly basis.

"Ingot production holds steady at the highest practicable rate, necessity for open-hearth repair taking its toll and preventing full capacity operation.

"Efforts to uncover scrap continue in full force and are producing results, supply being better currently than in recent months. A number of tight spots have been relieved and in occasional cases some stocks are being accumulated, though the latter is the exception.

"As a result of the quota system some cold-rolled sheet producers are unable to book further tonnage, their steel allotment being covered. At the same time others are competing for this class of material to fill out their quota. Sheet demand is not as heavy as in plates, bars and some other products.

"Ceiling prices have been set by OPA on rejected flat-rolled and semi-finished steel at 65 to 85% of base prices for comparable products of prime quality, plus a percentage of a limited number of trade extras. This is a reduction of 15 to 35%, as previously they could be sold at the same prices as full quality products. The new order is designated amendment No. 7 to revised price schedule No. 6 and is effective Sept. 17.

"While some blast furnaces are out of production while being relined the situation in general is good and pig iron output is high."

NJ State Banks Urged To Join Fed. Reserve System

The New Jersey Banking Advisory Board announced on Sept. 15 that it had adopted a resolution that it would be desirable for all State banks which have not already joined the Federal Reserve System to do so now, according to Associated Press Trenton advices, which said: An announcement by the Board, which acts in an advisory capacity to Banking and Insurance Commissioner Eugene E. Agger, said joining at this time "would not only add to the strength of the banking system in the war effort, but would assure the individual bank of aid in the post-war reconstruction period when the banking system as a whole is likely to be subject to a severe strain."

Detroit Reserve Bank Branch To Move

In order to meet the growing demand for space resulting from increased activities at the Detroit branch, the Federal Reserve Bank of Chicago announced on Sept. 15 that it had leased the Security Trust Building, 735 Griswold St., Detroit, from the Detroit Trust Co. The Security Trust Building is a four-story structure with 17,600 square feet of work space, exclusive of the basement which has an additional 1,500 square feet. There is also a storage space of 2,000 square feet in the attic. The building will be occupied as soon as decorating and necessary alterations are completed. In announcing the lease, Mr. Young, President of the Federal Reserve Bank of Chicago, stated:

"Because of the importance of Detroit as a war production and financial center, the Directors of the Federal Reserve Bank of Chicago have voted to increase the responsibilities of the Detroit branch officers and directors in order that additional services may be extended to the member banks and the public in the Detroit area. Further announcement as to the additional services which will be made available will be announced at a later date. It is anticipated that the new building will be ready for occupancy Oct. 1."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings *				Corporate by Groups *		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Sept. 22	117.53	107.09	117.00	113.70	108.34	92.06	97.00	111.62	113.89
21	117.59	107.27	117.00	113.70	108.52	92.06	96.85	111.62	114.08
19	117.59	107.27	117.00	113.70	108.52	92.20	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
17	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
16	117.59	107.09	117.00	113.50	108.52	92.06	96.69	111.81	114.08
15	117.62	107.27	117.00	113.50	108.52	92.20	96.85	111.81	113.89
14	117.69	107.09	117.00	113.50	108.52	92.06	96.69	111.81	113.89
12	117.73	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
10	117.76	107.09	116.80	113.50	108.34	92.20	96.69	111.81	114.08
9	117.78	107.09	117.00	113.31	108.34	92.20	96.69	111.62	114.27
8	117.75	107.09	116.80	113.31	108.34	92.20	96.69	111.62	114.08
7	EXCHANGE CLOSED								
5	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
3	117.81	107.09	116.80	113.31	108.34	92.06	96.54	111.62	114.08
2	117.84	107.09	116.80	113.31	108.34	92.06	96.54	111.44	114.08
1	117.84	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.03
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.27	117.00	114.08	108.52	92.50	97.47	111.81	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Sept. 22, 1941	118.96	107.62	118.20	114.85	108.70	91.34	96.54	111.81	115.43
2 Years ago Sept. 21, 1940	116.54	104.14	116.61	112.93	103.80	86.91	92.79	109.79	111.44

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Sept. 22	3.33	2.80	2.97	3.26	4.27	3.94	3.08	2.96
21	3.32	2.80	2.97	3.25	4.27	3.95	3.08	2.95
19	3.32	2.80	2.97	3.25	4.26	3.94	3.08	2.95
18	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
17	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
16	3.33	2.80	2.98	3.25	4.27	3.96	3.07	2.95
15	3.32	2.80	2.98	3.25	4.26	3.95	3.07	2.96
14	3.33	2.80	2.98	3.25	4.27	3.96	3.07	2.96
12	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
11	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
10	3.33	2.81	2.98	3.26	4.26	3.96	3.07	2.95
9	3.33	2.80	2.99	3.26	4.26	3.96	3.08	2.94
8	3.33	2.81	2.99	3.26	4.26	3.96	3.08	2.95
7	EXCHANGE CLOSED							
5	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
4	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
3	3.33	2.81	2.99	3.26	4.27	3.97	3.08	2.95
2	3.33	2.81	2.99	3.26	4.27	3.97	3.09	2.95
1	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
Aug. 28	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	3.32	2.80	2.95	3.25	4.24	3.91	3.07	2.93
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago Sept. 22, 1941	3.30	2.74	2.91	3.24	4.32	3.97	3.07	2.88
2 Years ago Sept. 21, 1940	3.50	2.82	3.01	3.52	4.64	4.22	3.18	3.09

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

Moody's Daily Commodity Index

Tuesday, Sept. 15	232.2
Wednesday, Sept. 16	232.1
Thursday, Sept. 17	232.4
Friday, Sept. 18	232.7
Saturday, Sept. 19	232.6
Monday, Sept. 21	233.0
Tuesday, Sept. 22	234.4
Two weeks ago, Sept. 8	232.2
Month ago, Aug. 22	230.7
Year ago, Sept. 22	214.3
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Sept. 22	234.4
Low, Jan. 2	220.0

Daily Average Crude Oil Production For Week Ended Sept. 12, 1942 Increased 219,700 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Sept. 12, 1942, was 3,902,450 barrels, an increase of 219,700 barrels over the preceding week. The current figure, however, was 131,250 barbels less than the daily average for the corresponding period of 1941, and was 164,050 barrels below the daily average figure for the month of September, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Sept. 12, 1942, averaged 3,880,300 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,710,000 barrels of crude oil daily during the week ended Sept. 12, 1942, and that all companies had in storage at refineries, at bulk terminals, in transit and in pipe lines as of the end of that week, 81,758,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,255,000 barrels during the week ended Sept. 12, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations September	*State Allowables Beginning Sept. 1	—Actual Production— Week Ended Sept. 12 1942	Change From Previous Week	4 Weeks Ended Sept. 12 1942	Week Ended Sept. 13 1941
Oklahoma	415,300	415,300	†370,200	— 9,100	377,050	417,100
Kansas	285,300	291,900	†272,650	+ 26,800	276,400	244,050
Nebraska	3,900	------	†3,450	+ 150	3,300	7,350
Panhandle Texas			90,000	+ 15,000	86,950	85,300
North Texas			136,600	+ 6,150	135,200	132,200
West Texas			205,600	+ 25,450	209,300	280,650
East Central Texas			86,200	+ 6,500	85,550	85,250
East Texas			362,400	+ 71,400	344,100	369,750
Southwest Texas			164,200	+ 6,400	180,100	220,250
Coastal Texas			310,900	+ 17,100	303,150	293,200
Total Texas	1,397,800	‡1,430,363	1,355,900	+148,000	1,344,350	1,466,600
North Louisiana			97,300	+ 300	97,250	80,450
Coastal Louisiana			240,250	+ 8,750	238,100	255,300
Total Louisiana	334,800	347,800	337,550	+ 9,050	335,350	335,750
Arkansas	81,900	75,439	72,500	+ 150	72,000	75,600
Mississippi	50,200		†73,350	+ 1,350	74,350	53,600
Illinois	289,200		276,000	+ 8,300	271,600	394,050
Indiana	19,300		†17,450	— 950	17,800	19,700
Eastern (not incl. Ill. & Ind.)	103,300		95,200	— 2,150	96,550	92,900
Michigan	66,700		65,800	+ 3,900	63,200	51,850
Wyoming	93,400		86,900	— 1,550	89,150	83,500
Montana	22,800		21,700	----	22,300	20,550
Colorado	7,000		7,450	+ 750	6,900	4,850
New Mexico	98,100	98,100	97,650	+ 2,300	95,900	113,750
Total East of Calif.	3,275,000		3,153,750	+187,000	3,146,200	3,381,200
California	791,500	§791,500	748,700	+ 32,700	734,100	652,500
Total United States	4,066,500		3,902,450	+219,700	3,880,300	4,033,700

*O. P. C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in June 1942 as follows: Oklahoma, 28,900; Kansas, 4,200; Texas, 99,000; Louisiana, 18,900; Arkansas, 2,800; New Mexico, 5,400; California, 39,700; other states, 19,700.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Sept. 9.

‡This is the net basic allowable as of Sept. 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 15 days, the entire state was ordered shutdown for 9 days, namely, Sept. 5, 6, 12, 13, 19, 20, 26, 27 and 30.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED SEPT. 12, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

					Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—			
District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,579	64.7	4,728	39,415	22,235	18,811
Appalachian	176	84.8	165	93.8	452	2,876	634	471
Ind., Ill., Ky.	804	83.3	765	95.1	2,645	14,435	6,107	3,362
Okla., Kansas, Mo.	416	80.1	373	89.7	1,275	6,931	1,844	1,383
Rocky Mountain	147	48.0	104	70.7	304	1,857	454	567
California	817	89.9	724	88.6	1,851	16,244	12,293	54,039
Tot. U. S. B. of M. basis Sept. 12, 1942	4,800	85.6	3,710	77.3	11,255	†81,758	43,567	78,633
Tot. U. S. B. of M basis Sept. 5, 1942	4,800	85.6	3,656	76.2	11,232	80,356	42,819	78,267
U. S. Bur. of Mines basis Sept. 13, 1941			4,063		13,725	79,485	48,953	94,560

*At the request of the Office of Petroleum Coordinator.

†Finished 73,127,000 barrels; unfinished 8,631,000 barrels.

‡At refineries, at bulk terminals, in transit, and in pipe lines.

Labor Bureau Reports Continued Farm Price Increases Raises Wholesale Index

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Sept. 17 that continued strength in agricultural markets during the week ended Sept. 12 brought prices of farm products and foods to new high levels unequaled since the autumn of 1929. The rise in prices of farm products amounted to 0.5% and of foods, to 0.2%. Quotations for industrial products were for the most part unchanged, and the Bureau's comprehensive wholesale price index of nearly 900 commodities rose slightly—0.1%—to reach 99.2% of its 1926 average.

The Labor Bureau's announcement further explained:

"Farm Products and Foods — The advance in prices for farm products during the week was led by grains, with increases amounting to 3% for rye, more than 2% for wheat, and about 1% for barley. These high levels have been maintained through Sept. 16. Corn and oats were slightly lower. Substantial increases were also reported for numerous other farm products, including tobacco and various fruits and vegetables. Higher prices for heavy hogs, and continued gains for poultry and calves were more than balanced by declines ranging from 2 to 4% for cows, steers, and sheep, and average quotations for livestock and poultry as a group were slightly lower. Quotations for cattle feed rose 0.4% on the average as the result of higher prices for bran and middlings. Cotton prices declined slightly, up to Sept. 8, but strengthened later in the week.

"Prices for foods in primary markets also rose on a fairly broad scale. Substantial advances were reported for cereals, eggs, fruits and vegetables, fresh pork, cottonseed oil, and soybean oil. Increases amounted to 1.2% for eggs, 2% for wheat flour, and more than 5% for rye flour. Potatoes advanced in several markets. Lemons, oranges, and apples were among the fruits for which quotations were higher.

"Industrial Commodities—Prices for industrial commodities continued to show the stability characteristic of these markets since imposition of the General Maximum Price Regulation in mid-May. The average price for all industrial products was unchanged during the week at a level slightly below that prevailing four months ago."

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Aug. 15, 1942, and Sept. 13, 1941, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Sept. 12, 1942 from—		
Commodity groups	9-12 1942	9-5 1942	8-29 1942	8-15 1942	9-13 1941	9-5 1942	8-15 1942	9-13 1941
All commodities	*99.2	*99.1	*98.9	*98.9	91.6	+0.1	+0.3	+ 8.3
Farm products	107.2	106.7	106.0	106.0	91.6	+0.5	+1.1	+17.0
Foods	101.6	101.4	100.7	100.5	89.1	+0.2	+1.1	+14.0
Hides and leather products	119.0	119.0	118.9	118.8	111.4	0	+0.2	+ 6.8
Textile products	96.7	96.7	96.6	96.5	88.7	0	+0.2	+ 9.0
Fuel and lighting materials	79.6	79.6	79.6	79.7	80.0	0	—0.1	— 0.5
Metals and metal products	*103.9	*103.9	*103.9	*103.9	98.7	0	0	+ 5.3
Building materials	110.3	110.3	110.3	110.2	105.9	0	+0.1	+ 4.2
Chemicals and allied products	96.2	96.2	96.2	96.3	87.3	0	—0.1	+10.2
Housefurnishing goods	104.1	104.1	104.1	104.1	97.9	0	0	+ 6.3
Miscellaneous commodities	88.6	88.6	88.6	89.0	84.9	0	—0.4	+ 4.4
Raw materials	101.6	101.2	100.8	100.8	90.0	+0.4	+0.8	+12.9
Semimanufactured articles	92.7	92.7	92.6	92.6	89.9	0	+0.1	+ 3.1
Manufactured products	*99.3	*99.2	*99.2	*99.1	93.0	+0.1	+0.2	+ 6.8
All commodities other than farm products	*97.5	*97.5	*97.4	*97.3	91.7	0	+0.2	+ 6.3
All commodities other than farm products and foods	*95.7	*95.7	*95.7	*95.8	91.6	0	—0.1	+ 4.5

*Preliminary.

Engineering Construction Gains 71% Over 1941 Week

Engineering construction volume for the week totals $206,028,000, more than double the $97,311,000 reported for the holiday-shortened preceding week, and 71% above the total for the corresponding 1941 week, according to "Engineering News-Record" on Sept. 17. Federal construction makes up 93% of the week's volume and tops a year ago by 134%. As a result of the Federal gain, public work is 99% higher than a year ago, despite the 66% drop in State and municipal construction. Private work is 59% lower than in the week last year.

The report also added:

The current week's volume brings 1942 construction to $7,484,907,000, an increase of 60% over the total for the 38-week period in 1941. Private construction, $467,121,000, is 50% below a year ago, but public work is up 88% due to the 136% gain in Federal construction.

Construction volumes for the 1941 week, last week, and the current week are:

	Sept. 18, 1941 (five days)	Sept. 10, 1942 (four days)	Sept. 17, 1942 (five days)
Total Construction	$120,315,000	$97,311,000	$206,028,000
Private Construction	20,766,000	15,920,000	8,415,000
Public Construction	99,549,000	81,391,000	197,613,000
State and Municipal	17,717,000	5,869,000	6,072,000
Federal	81,832,000	75,522,000	191,541,000

In the classified construction groups, gains over the short preceding week are in waterworks, sewerage, bridges, commercial and public buildings, earthwork and drainage, streets and roads, and unclassified construction. Increases over the 1941 week are in waterworks, sewerage, commercial and public buildings, streets and roads, and unclassified construction. Subtotals for the week in each class of work are: waterworks, $7,187,000; sewerage, $1,954,000; bridges, $672,000; industrial buildings, $942,000; public buildings, $101,875,000; commercial buildings, $7,441,000; earthwork and drainage, $2,297,000; streets and roads, $18,521,000, and unclassified construction, $65,139,000.

New capital for construction purposes for the week totals $2,293,000. This compares with $8,863,000 reported for the corresponding week last year. The current week's new financing is made up of $778,000 in State and municipal bond sales, $515,000 in corporate security issues, and $1,000,000 in RFC loans for public work.

New construction financing for the year to date, $9,527,250,000, is 63% higher than the $5,851,527,000 reported for the 38-week period a year ago.

Employment Rises To New Level In July Reaching Record Peak Of 57.2 Million

Non-agricultural employment rose more rapidly during July than during any other month since Pearl Harbor, according to the National Industrial Conference Board.

A net gain of fully 550,000 during the month brought total employment to the all-time high of 57,200,000, including the armed forces. This is 3,600,000 above the figure for July, 1941, and nearly 10,000,000 above that for the corresponding month in 1940. Agricultural employment was seasonally lower in July, but even so, total employment, including that in agriculture, continued its advance which has been unbroken since the first of this year.

The Conference Board announcement further stated:

"For the third successive month further inroads were made upon the nation's labor reserve, as employment continued to advance beyond the number of persons normally in the labor force. Employment exceeded the economic labor force in July by almost 2,000,000. Only during World War I was there a greater reversal of the demand-supply ratio for manpower. In 1918, employment averaged fully 3,000,000 more than the peacetime labor force.

"During the first half of the year gains in employment were heavily influenced by the seasonal expansion of farm operations. About 60% of the 6,000,000 rise in employment in those months can be attributed to this factor. Unlike the preceding months the rise in July developed despite a lower level of farm employment. The number at work on farms fell off by almost 335,000 during the month. Non-agricultural employment and military inductions, however, increased by nearly 900,000, the largest gain reported in any other single war month. The level of employment in each of the five basic industrial groups was higher than in June. Together, these groups took on fully 350,000 new workers, three of every four being added to manufacturing payrolls alone. Employment in the service industries and the armed forces rose by 600,000 during the month.

"Employment gains in manufacturing were most pronounced in the durable goods group. The number of wage earners in the automotive industry increased from 697,000 in April to 824,000 in July and is only 58.8% of an anticipated peak of 1,400,000. Further gains were also reported in shipbuilding, aircraft and other direct war industries.

"By July almost 2,500,000 persons were on the civilian payrolls of the regular Federal services (executive, legislative and judicial). Such employment was increased by 8% during the month and has almost doubled during the past year. The current number is almost three times as great as in 1937 and fully four times as large as in 1933.

"Only a negligible part of farm production has as yet been left unharvested because of the unavailability of labor. While total farm employment was about 3% lower than in June, it continued slightly higher than the corresponding month in 1941. The number of hired workers has been steadily augmented in the face of the lowest level of farm labor supply on record. All of the shrinkage in farm personnel in July was confined to farm family employment which dipped about 500,000 below the preceding month.

"War dislocations continue to reduce the number on payrolls in trade and distribution. In July, about 100,000 workers were dropped while total employment was about 335,000 lower than in 1941. Reductions in selling staffs in the automotive and hard-goods groups were further augmented by seasonal curtailment in apparel distribution.

"Emergency employment in WPA, CCC and NYA (out-of school) has dropped off sharply in the war months. The reduction of almost 300,000 in July was the greatest in recent months and lowered the total number on work relief to 655,000 as against 1,500,000 a year ago and the all-time high of 4,200,000. CCC enrollees have been cut from 115,000 at the start of the year to 8,000, WPA workers from slightly above a million to 525,000 and NYA recipients from 233,000 to 122,000."

Named Aide To Winant

The State Department in Washington announced on Sept. 14 the appointment of Winfield W. Riefler, economist of the Board of Economic Warfare, as special assistant to Ambassador John G. Winant in London, with the rank of Minister. Mr. Riefler, who already has arrived in London, will supervise the activities of the economic warfare division of the American Embassy.

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on Sept. 15. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allegheny Ludlum Steel Corp., common	1,221	2,196	(1)
Allied Mills, Inc., common	304,418	304,441	
Armour & Co., 7% preferred	4,680	4,687	
Associates Investment Co., common	23,520	24,657	
5% cumulative preferred	1,790	2,293	
Atlantic Gulf & West Indies Steamship Lines, 5% preferred	2,900	18,258	(2)
Atlas Corp., common	54,881	55,103	
6% preferred	250	1,063	
Atlas Powder Co., common	9,108	9,114	
Belding Heminway Co., common	56,532	56,832	
Beneficial Industrial Loan Corp., common	2,415	317,404	(3)
Prior preferred	----	5,322	(3)
Bucyrus-Erie Co., 7% preferred	11,199	11,269	
Case (J. I.) Co., common	1,715	1,707	
7% preferred	5,605	5,855	
Chicago Yellow Cab Co., Inc., capital	30,665	31,365	
Consolidated Oil Corp., common	3,500	97,400	
Cuban-American Sugar Co. (The), 5½% conv. preferred	18,188	19,388	
7% cumulative preferred	10,413	10,530	
Davega Stores Corp., common	10,450	10,550	
5% cumulative preferred	----	----	(4)
Detroit Edison Co. (The), common	6,055	5,970	
Distillers Corp.-Seagrams, Ltd., cumul. pref., 5% series	----	----	(5)
Firestone Tire & Rubber Co. (The), common	319,144	319,164	
Fruehauf Trailer Co., common	1,294	1,333	
General Printing Ink Corp., $6 preferred	3,023	3,063	
General Realty & Utilities Corp., $6 preferred	2,232	----	(6)
General Shoe Corp., common	2,896	2,897	
Gillette Safety Razor Co., $5 convertible preferred	8,249	9,049	
Goodyear Tire & Rubber Co. (The), $5 cumul. conv. pref.	16,665	17,965	
Gotham Hosiery Co., Inc., 7% cum. pfd.	----	----	(7)
Hanna (M. A.) Co. (The), $5 cumulative preferred	650	700	
Household Finance Corp., common	12,883	14,383	
Howe Sound Co., common	29,391	29,691	
Insuranceshares Certificates, Inc., common	----	----	(8)
Jewel Tea Co., Inc., common	2,890	2,789	
4½% cumulative preferred	100	300	
Jones & Laughlin Steel Corp., common	----	----	(9)
5% cumulative preferred "A"	1,200	----	(9)
5% cumulative preferred "B"	1,400	----	(9)
Keith-Albee-Orpheum Corp., 7% cumulative conv. pref.	700	----	(6)
Link Belt Co., common	33,604	11,207	
Madison Square Garden Corp., capital	22,400	22,500	
Mead Corp. (The), $6 cum. pfd. series "A"	681	682	
National Cylinder Gas Co., common	3,705	4,205	
Newport News Shipbuild'g & Dry Dock Co., $5 cum. cv. pfd.	3,900	4,100	
Petroleum Corp. of America, capital	2,400	3,200	
Revere Copper & Brass, Inc., 5¼% cumlative preferred	----	----	(10)
7% cumulative preferred	----	----	(11)
Rustless Iron and Steel Corp., common	339	340	
Safeway Stores, common	15,096	15,097	
Schenley Distillers Corp., 5¼% cum. pfd.	300	1,120	
Seaboard Oil Co., capital	16,300	16,700	
Shattuck (Frank G.) Co., common	142,400	160,400	
Sheaffer (W. A.) Pen Co., common	4,518	4,575	
Squibb (E. R.) & Sons, $5 cum. pfd. "A"	----	10	
Superheater Co. (The), common	98,050	98,450	
Swift & Co., capital	77,895	77,811	
Thermoid Co., convertible preferred	340	----	(12)
Transamerica Corp., capital	1,095,500	1,098,200	
Union Bag & Paper Corp., common	4,200	6,200	
United Aircraft Corp., 5% cumulative preferred	----	700	
White (S. S.) Dental Mfg. Co. (The), capital	1,463	1,443	
Wilcox (H. F.) Oil & Gas Co., common	65,450	76,221	(13)
Willys-Overland Motors, Inc., 6% cumulative conv. pref.	23,500	34,300	

NOTES

(1) 1,700 shares acquired and 725 shares distributed to employees as compensation.

(2) 15,358 shares acquired as result of request for tenders.

(3) Increases resulting from request for tenders.

(4) 3,000 shares acquired and retired.

(5) 930 shares acquired and retired.

(6) Retired.

(7) 3,306 shares acquired and retired.

(8) 1,700 shares acquired and retired.

(9) Previous balances of preferred shares represented borrowed stock returned to shareholders during August. 52 shares of preferred "A", 52 shares of preferred "B", and 213 shares of common stock acquired in August and transferred to dissenting shareholders of The Otis Steel Co.

(10) 1,790 shares acquired and retired.

(11) 1,320 shares acquired and retired.

(12) 584 shares acquired; 924 shares retired.

(13) 10,771 shares acquired since Jan. 1, 1942.

The New York Curb Exchange issued on Sept. 15 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name—	Shares Previously Reported	Shares Per Latest Report
Air Investors, Inc., convertible preferred	700	900
American General Corp., common	357,469	357,471
American Writing Paper Corp., common	16,062	18,462
Beaunit Mills, Inc. ($1.50 conv. pfd.)	None	6,221
Crown Central Petroleum Corp. common	576	578
Dejay Stores, Inc. common	9,636	9,936
Dennison Manufacturing Co., debenture stock	8,449	8,469
Prior preferred	6,623	6,644
Detroit Gasket & Mfg Co., 6% preferred	12,166	12,466
Esquire, Inc. capital	None	5,000
Interstate Hosiery Mills, Inc., capital	7,945	8,895
Lane Bryant, Inc., 7% preferred	32	58
Mangel Stores Corp., $5 conv. pfd.	1,600	1,630
New York Merchandise Co., Inc., common	97,828	98,128
Niagara Share Corp of Maryland, A preferred	4,676	4,836
B common	140,981	142,081
Oilstocks, Ltd., capital	504	604
Seton Leather Co., common	7,500	7,700
Sterchi Bros. Stores, Inc., 6% 1st pfd.	86	161
5% 2nd preferred	170	195
Sterling, Inc., common	57,650	61,800
Sunray Oil Corp., 5½% convertible preferred	985	1,250
United Cigar-Whelan Stores Corp., common	12,135	12,137
Wilson-Jones Co., common	8,000	9,000

August Department Store Sales In New York Federal Reserve District 9% Below Year Ago

The Federal Reserve Bank of New York announced on Sept. 19 that August sales of department stores in the Second (New York) Federal Reserve District decreased 9% a year ago. The combined sales for January through August, however, are 7% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of August were 59% above August, 1941.

The apparel stores in the New York Reserve District reported a loss of 8% in net sales in August. Their stocks on hand at the close of the month were 36% above last year.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES—AUGUST, 1942

Second Federal Reserve District

Department Stores—	Percentage Changes from a Year Ago —Net Sales— August	January through August	Stock on Hand End of Month
New York City	—8	+7	+63
Northern New Jersey	—15	+5	+61
Newark	—11	+7	+62
Westchester and Fairfield Counties	—9	+11	+38
Bridgeport	—7	+13	+50
Lower Hudson River Valley	—11	+2	+26
Poughkeepsie	—6	+7	----
Upper Hudson River Valley	—19	—2	+39
Albany	—26	—8	----
Central New York State	—2	+11	+55
Mohawk River Valley	+12	+23	+94
Syracuse	—7	+7	+44
Northern New York State	—14	—7	----
Southern New York State	—10	+8	+44
Binghamton	—13	+5	----
Elmira	—10	+13	----
Western New York State	—7	+12	+51
Buffalo	—7	+14	+49
Niagara Falls	+18	+34	+29
Rochester	—7	+9	+60
All department stores	—9	+7	+59
Apparel stores	—8	+8	+36

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

Second Federal Reserve District

[1923-25 average = 100]

	1941 August	1942 June	July	August
Sales (average daily), unadjusted	100	92	81	93
Sales (average daily), seasonally adjusted	r132	r97	114	123
Stocks, unadjusted	98	158	156	162
r Stocks, seasonally adjusted	102	163	168	165

r Revised.

Bankers Dollar Acceptances Outstanding On August 31 Decline To $139,304,000

The volume of bankers' dollar acceptances outstanding on Aug. 31 totaled $139,304,000, a decrease of $16,998,000 from the July 31 figure and a new low for the last 25 years, according to the monthly report issued Sept. 16 by the Acceptance Analysis Unit of the Federal Reserve Bank of New York. The total amount of acceptances outstanding on Aug. 31 was $58,168,000 below a year ago.

Only credits based on goods stored in or shipped between foreign countries was higher on Aug. 31 than a month and a year ago. All other divisions of credit were lower, with the exception of domestic shipments which were higher than a year ago.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Aug. 31, 1942	July 31, 1942	Aug. 30, 1941
1 Boston	$25,160,000	$30,516,000	$25,775,000
2 New York	85,152,000	94,804,000	124,002,000
3 Philadelphia	7,727,000	8,906,000	11,063,000
4 Cleveland	3,562,000	2,714,000	3,972,000
5 Richmond	1,125,000	1,218,000	225,000
6 Atlanta	1,684,000	1,886,000	1,380,000
7 Chicago	4,385,000	4,011,000	7,680,000
8 St. Louis	296,000	376,000	481,000
9 Minneapolis	102,000	94,000	122,000
10 Kansas City	------	------	------
11 Dallas	318,000	607,000	355,000
12 San Francisco	9,793,000	11,170,000	22,417,000
Grand Total	$139,304,000	$156,302,000	$197,472,000

Decrease for month, $16,998,000 Decrease for year, $58,168,000

ACCORDING TO NATURE OF CREDIT

	Aug. 31, 1942	July 31, 1942	Aug. 30, 1941
Imports	$77,952,000	$91,515,000	$113,899,000
Exports	8,071,000	8,438,000	20,694,000
Domestic shipments	13,249,000	14,110,000	10,865,000
Domestic warehouse credits	28,228,000	31,045,000	37,645,000
Dollar exchange	331,000	396,000	3,098,000
Based on goods stored in or shipped between foreign countries	11,473,000	10,798,000	11,271,000

BILLS HELD BY ACCEPTING BANKS

Own bills $71,261,000 Bills of others $37,073,000 Total $108,334,000

Decrease for month, $10,382,000

Current Market Rates on Prime Bankers' Acceptances, Sept. 16, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	$\frac{7}{16}$
60	½	$\frac{7}{16}$
90	½	$\frac{7}{16}$
120	$\frac{9}{16}$	½
150	⅝	$\frac{9}{16}$
180	⅝	$\frac{9}{16}$

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Sept. 30, 1939:

1939—			1940—			1941—		
Sept.	30	$215,881,724	Sept.	30	$176,614,000	Sept.	30	$176,801,000
Oct.	31	221,115,945	Oct	31	186,789,000	Oct.	31	184,806,000
Nov.	30	222,599,000	Nov.	30	196,683,000	Nov.	29	193,590,090
Dec.	30	232,644,000	Dec.	31	208,659,000	Dec.	31	194,220,000
1940—			1941—			1942—		
Jan.	31	229,230,000	Jan.	31	212,777,000	Jan.	31	197,278,000
Feb.	29	233,015,000	Feb.	28	211,865,000	Feb.	28	190,010,000
Mar.	30	229,705,000	Mar.	31	217,312,000	Mar.	31	182,675,000
Apr.	30	223,305,000	Apr.	30	219,561,000	Apr.	30	177,293,000
May	31	213,685,000	May	31	215,005,000	May	29	173,906,000
June	29	206,149,000	June	30	212,932,000	June	30	162,849,000
July	31	188,350,000	July	31	209,899,000	July	31	156,302,000
Aug.	31	181,813,000	Aug.	30	197,472,000	Aug.	31	139,304,000

New Chinese Envoy

The appointment of Dr. Wei Tao-ming as Chinese Ambassador to the United States, succeeding Dr. Hu Shih, was recently announced by the Executive Yuan, central governing agency of the Chinese Government. Dr. Wei, who was removed as Ambassador to the Vichy Government in order to accept the appointment, was formerly Chinese Minister of Justice and Mayor of Nanking.

Dr. Hu had served four years in the Washington diplomatic post. He was recalled to China to became a special adviser to the Cabinet at the suggestion of Generalissimo Chiang Kai-shek.

NY Farm Credit School To Be Held Oct. 5-6

The third Farm Credit School, a non-profit educational project sponsored by the New York State Bankers Association in cooperation with the New York State College of Agriculture, will be held at the Hotel Syracuse, Syracuse, Oct. 5 and 6, it was announced Sept. 14 by John P. Myers, President of the Association. The school is designed to promote among commercial bankers a wider appreciation and a more sympathetic understanding of the credit needs of New York State farmers.

Lectures and panel discussions on farm financing and the effects of the war on the farmer will feature the school's seven sessions. Among the chief speakers will be: Dr. William I. Myers, Head, Department of Agricultural Economics and Farm Management, and Stanley J. Brownell, Professor, Department of Animal Husbandry, New York State College of Agriculture; A. G. Brown, Deputy Manager, Agricultural Credit Department, American Bankers Association; Victor G. Gilpatrick, Vice-President, Production Credit Corporation, Springfield, Mass.; Dr. Willard E. Atkins, Chairman, Department of Economics, Washington Square College, New York University; Charles H. Schoch, Deputy Superintendent, New York State Banking Department, and Nicholas A. Jamba, Manager, Agricultural Department, National Bank and Trust Co., Norwich, and Chairman of Committee on Agriculture, New York State Bankers Association.

There will be two panel discussions, one on meeting the shortage of farm labor and the other on the international food situation. The sessions will also include lectures on the artificial insemination program, a visit to the breeding barns at Syracuse University, farm loan advertising fundamentals, and banking department standards as applied to farm credit.

Home Financing Loans In July At High Level

Increases in July in the money provided to build war housing and for remodeling and repairing existing dwellings mainly accounted for the largest total volume of advances by savings, building and loan associations in three months, the United States Savings and Loan League, Chicago, reported on Sept. 12. These thrift and home financing institutions in July lent $95,797,000 which was 1.81% more than in June, and their construction loans, all for war housing, were some $2,000,000 greater in July than in June.

Morton Bodfish, Executive Vice-President of the League, showed that while home purchase loans continued to constitute the bulk of lending in July, the associations placed $1 out of every $4.48 in either new housing to take care of war workers or repairing existing houses to keep them livable for the duration. The latter expenditure, he pointed out, is in line with the current philosophy of salvage and saving.

July made the fourth consecutive month in which home purchase loans by the associations have been over $50,000,000 in volume. The total of purchase loans for April through July, the first period during which the effect of residential building restrictions on the market for existing homes could be measured, was within 2.4% of the volume for the like period of 1941, the peak post-depression year in lending. According to the League official, there is a natural tendency for people in times of rising prices to invest in durable goods such as real property.

Federal Reserve August Business Indexes

The Board of Governors of the Federal Reserve System issued on Sept. 21 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board made available its customary summary of business conditions. The indexes for August, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings;
1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	Aug. 1942	July 1942	Aug. 1941	Aug. 1942	July 1942	Aug. 1941
Industrial production—						
Total	†183	180	161	†186	181	163
Manufactures—						
Total	†191	188	166	†195	189	167
Durable	†254	250	199	†257	252	199
Nondurable	†140	138	139	†144	139	142
Minerals	†135	132	133	†138	132	135
Construction contracts, value—						
Total	†171	206	152	†183	232	159
Residential	†57	74	112	†57	75	111
All other	†264	313	184	†286	360	199
Factory employment—						
Total	*	143.7	133.3	*	142.2	133.1
Durable goods	*	161.8	141.5	*	160.9	138.7
Nondurable goods	*	126.4	125.5	*	124.4	127.7
Factory payrolls—						
Total	---	---	---	*	204.3	158.1
Durable goods	---	---	---	*	252.3	177.6
Nondurable goods	---	---	---	*	150.5	136.3
Freight-car loadings	143	142	139	144	142	140
Department store sales, value	†128	121	134	†101	83	106
Department store stocks, value	*	138	87	*	124	84

*Data not yet available. †Preliminary or estimated.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on three-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	Aug. 1942	July 1942	Aug. 1941	Aug. 1942	July 1942	Aug. 1941
Manufactures—						
Steel	216	221	197	216	221	197
Open hearth & Bessemer	176	179	172	176	179	172
Electric	503	519	375	503	519	375
Machinery	†294	287	225	†294	287	225
Transportation equipment	†453	425	241	†453	425	221
Non-ferrous metals & products	†193	191	189	†193	191	189
Lumber and products	†127	136	140	†138	140	151
Lumber	†125	130	134	†140	141	148
Furniture	†131	147	152	†135	137	157
Stone, clay, & glass products	*	134	154	*	152	174
Cement	160	150	148	195	186	181
Polished plate glass	36	49	133	30	32	109
Textiles and products	†156	154	154	†156	154	154
Cotton consumption	169	166	160	160	166	160
Rayon deliveries	169	168	170	169	168	170
Wool textiles	*	159	166	*	159	166
Leather products	†107	117	122	†114	113	130
Tanning	*	117	124	*	112	120
Cattle hide leathers	*	143	141	*	133	134
Calf and kip leathers	*	79	103	*	87	108
Goat and kid leathers	*	79	97	*	78	95
Shoes	†101	117	121	†114	114	137
Manufactured food products	†149	143	132	†172	156	152
Wheat flour	105	106	98	106	105	99
Meat packing	†155	146	134	†134	138	116
Other manufactured foods	†153	147	135	†181	157	159
Tobacco products	130	121	118	135	131	122
Cigars	112	109	109	115	113	113
Cigarettes	152	136	129	160	153	136
Manufactured tobacco & snuff	88	89	96	89	91	96
Paper and products	*	127	147	*	122	146
Paperboard	121	115	161	123	109	163
Newsprint production	*	103	113	*	101	110
Printing and publishing	†108	106	129	†100	96	121
Newsprint consumption	108	103	109	95	90	96
Petroleum and coal products	*	117	130	*	118	131
Petroleum refining	*	109	126	*	110	128
Gasoline	†106	102	126	†109	105	130
Fuel oil	*	129	127	*	127	124
Lubricating oil	*	117	132	*	115	131
Kerosene	*	103	116	*	97	111
Coke	166	165	154	166	165	154
Byproduct	156	155	146	156	155	146
Beehive	497	499	‡478	497	499	‡478
Chemicals	†168	172	145	†165	165	142
Minerals—						
Fuels	†131	128	130	†128	121	126
Bituminous coal	†152	160	150	†140	141	138
Anthracite	†160	156	168	†118	122	124
Crude petroleum	†120	112	119	†124	112	122
Metals	†157	157	148	†199	198	187
Iron ore	240	240	202	387	404	335

*Data not yet available. †Preliminary or estimated. ‡Revised.

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

Coal	154	155	158	136	132	139
Coke	208	205	‡198	175	177	167
Grain	106	95	103	129	138	125
Livestock	106	90	84	100	76	80
Forest products	165	172	152	173	173	160
Ore	176	180	155	308	325	271
Miscellaneous	152	149	141	152	148	141
Merchandise, l.c.l.	57	57	99	57	57	99

‡Revised.

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548.

National Fertilizer Associaton Commodity Price Index Again Higher

Wholesale commodity prices last week were fractionally higher, according to the price index compiled by The National Fertilizer Association and made public on Sept. 21. In the week ended Sept. 19 this index advanced to 129.3 from 129.2 in the preceding week. It was 128.9 a month ago, and 116.7 a year ago, based on the 1935-1939 average as 100. The Association's report added:

The increase in the general level was due to higher prices for foodstuffs and gains in some industrial commodities. The food price index continued its upward trend, with price advances for butter, eggs, milk, flour, oranges, and soybean oil more than offsetting a decline in chicken prices. Although cotton was higher, a marked drop in grains and a moderate decline in livestock quotations were sufficient to cause a decrease in the farm products average. The fuel index moved to higher ground, due to an increase in the price of gasoline. Other group averages that advanced during the week were the textiles and building materials indexes, which rose fractionally.

During the week 16 price series included in the index advanced and 11 declined, the same as in the preceding week; in the second preceding week there were 17 advances and 7 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week Sept. 19 1942	Preceding Week Sept. 12 1942	Month Ago Aug. 15 1942	Year Ago Sept. 20 1941
25.3	Foods	131.8	131.0	128.5	113.2
	Fats and Oils	140.9	140.2	140.3	129.8
	Cottonseed Oil	153.9	153.9	158.4	157.9
23.0	Farm Products	139.4	140.1	139.4	120.5
	Cotton	178.9	178.4	174.6	165.2
	Grains	116.2	118.2	112.5	110.0
	Livestock	138.4	138.9	140.1	114.3
17.3	Fuels	119.3	118.8	120.2	110.8
10.8	Miscellaneous commodities	126.7	126.7	127.0	126.3
8.2	Textiles	147.6	147.4	146.9	139.5
7.1	Metals	104.4	104.4	104.4	103.8
6.1	Building materials	151.5	151.4	151.5	123.5
1.3	Chemicals and drugs	120.7	120.7	120.7	107.6
.3	Fertilizer materials	117.9	117.9	117.8	114.2
.3	Fertilizers	115.3	115.3	115.3	107.1
.3	Farm machinery	104.1	104.1	104.1	99.7
100.0	All groups combined	129.3	129.2	128.9	116.7

*Indexes on 1926-1928 base were: Sept. 19, 1942, 100.7; Sept. 12, 100.6, Sept. 20, 1941, 90.9.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that because of the Labor Day holiday on Sept. 7, production of soft coal decreased in the week ended Sept. 12 to 10,400,000 net tons, a drop of 820,000 tons, or 7.2%, when compared with the preceding week. Output in the week ended Sept. 13, 1941 (which period did not include a holiday) was 11,483,000 tons. Total production of soft coal to date shows an increase of 17.2% over the corresponding period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Sept. 12 was estimated at 1,156,000 tons, a decrease of 84,000 tons (6.8%) from the preceding week. When compared with the output in the corresponding week of 1941, there was a decrease of 125,000 tons, or 9.8%. The calendar year to date shows a gain of 6.1% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended Sept. 12 showed an increase of 8,000 tons when compared with the output for the week ended Sept. 5. The quantity of coke from beehive ovens decreased 22,800 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

	—Week Ended—			—January 1 to Date—		
Bituminous and lignite coal—	Sept. 12, 1942	†Sept. 5, 1942	Sept. 13, 1941	†Sept. 12, 1942	Sept. 13, 1941	Sept. 11, 1937
Total, incl. mine fuel	210,400	11,220	11,483	399,318	340,830	304,122
Daily average	2,080	1,870	1,914	1,869	1,602	1,425
*Crude petroleum—						
Coal equivalent of weekly output	6,251	5,899	6,461	225,636	218,911	201,688

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 Btu. per barrel of oil and 13,100 Btu. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, 1939, page 702). †Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	—Week Ended—			—Calendar Year to Date—		
Penn anthracite—	§Sept. 12, 1942	Sept. 5, 1942	Sept. 13, 1941	§Sept. 12, 1942	Sept. 13, 1941	Sept. 14, 1929
*Total, incl. colliery fuel	1,156,000	1,240,000	1,281,000	42,192,000	39,752,000	48,710,000
†Commercial production	1,098,000	1,178,000	1,217,000	40,082,000	37,764,000	45,203,000
Beehive coke—						
United States total	138,700	161,500	133,700	5,510,100	4,481,200	4,871,600
By-product coke—						
United States total	1,219,100	1,211,100	‡	43,091,600	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	—Week Ended—					Sept. avge.
State—	Sept. 5, 1942	Aug. 29, 1942	Sept. 6, 1941	Sept. 7, 1940	Sept. 4, 1937	¶1923
Alaska	4	5	2	3	2	**
Alabama	364	376	152	246	247	406
Arkansas and Oklahoma	89	94	94	65	86	96
Colorado	152	150	131	114	113	214
Georgia and North Carolina	1	1	††	††	††	**
Illinois	1,270	1,215	1,019	826	959	1,587
Indiana	477	481	425	322	290	550
Iowa	50	45	38	49	60	117
Kansas and Missouri	167	185	138	105	112	168
Kentucky—Eastern	954	968	883	681	801	713
Kentucky—Western	263	243	180	132	166	248
Maryland	34	34	32	20	27	40
Michigan	9	6	12	7	2	27
Montana (bituminous and lignite)	83	77	54	42	52	68
New Mexico	34	35	21	17	33	56
North and South Dakota (lignite)	31	25	28	22	24	**27
Ohio	679	612	590	401	478	861
Pennsylvania (bituminous)	2,650	2,800	2,568	2,114	2,159	3,585
Tennessee	143	142	132	113	97	119
Texas (bituminous and lignite)	8	8	6	9	26	26
Utah	115	102	94	68	75	103
Virginia	389	416	378	259	283	245
Washington	41	37	32	31	38	58
*West Virginia—Southern	2,163	2,223	2,087	1,766	1,825	1,474
†West Virginia—Northern	893	889	779	564	518	857
Wyoming	157	161	133	107	107	165
‡Other Western States	††	††	††	1	††	**4
Total bituminous and lignite	11,220	11,330	10,010	8,084	8,580	11,814
§Pennsylvania anthracite	1,240	1,236	1,262	837	808	714
Total, all coal	12,460	12,566	11,272	8,921	9,388	12,528

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

The Stock Exchange Official Year-Book

The 1942 edition of the Stock Exchange Official Year-Book has just recently been released in this country. War-time conditions have again made preparation of this voluminous and most useful issue unusually difficult. Though the work of all concerned in its production has been hampered by the demands of national service and the exigencies of the censorship, the contents of this issue have not been as prejudicially affected as might have been feared, and both in scope and arrangement they follow the previous edition. In order to comply with the requirements of the Paper Control certain temporary excisions have again had to be made, including the special chapters, Lists of Brokers, General Information, Notices of Certain Enemy Securities and Particulars of Alterations to Capital made prior to February, 1940.

Recent information about securities situated in countries occupied by the enemy has been unobtainable and it has been found necessary in such cases to reproduce figures previously published.

In other respects the book, which contains 3,292 pages, follows the familiar lines of previous editions, and gives the origin, history and present position of all securities quoted on or known to the British Stock Exchanges. Of especial interest is a list of emergency addresses of companies, registrars, etc.

The current edition, which is priced at $25 (post and duty free) to Canada and the United States, is published under the sanction of the London Stock Exchange. Thomas Skinner & Co. Ltd. are publishers.

WPB Restricts Shoe Styles And Colors

In a move intended primarily to save leather by reducing the number of fancy shoes in the well dressed family's wardrobe, the War Production Board has prohibited the manufacture of two-color shoes and reduced the variety of colors and styles of footwear to be made for spring and summer 1943 consumption. No limit is placed on the production of permitted styles necessary to fill civilian needs.

The footwear conservation order (M-217) issued Sept. 10 by the WPB Director General for Operations will permit the manufacture of ample supplies of both street and dress shoes for men, women and children, but by limiting styles, and by limiting colors to six, it is expected to reduce the number of extra pairs of shoes bought by consumers.

At the same time, A. J. Spring, Chief of the Shoe Unit of the Leather and Shoe Section, WPB, requested shoe retailers to discourage unnecessary extra pair sales to consumers and to discontinue promotion directed to influence consumers to buy unneeded pairs of shoes.

Sole leather now being used extensively by the Armed Forces, including our Allies, has become the limiting factor in shoe production. Therefore, the order restricts excessive style and color variety for shoes for spring 1943 use because the sale of a wide variety of colors and styles of shoes increases the amount of sole leather tied up in dealers' inventories and little-used footwear on consumers' shelves.

The limitations placed on style and color do not apply to shoes in which leather or composition rubber soles are not used. Designers may think up new kinds of practical soles and create new fashions for next spring and summer which will save scarce materials and also have eye appeal.

Ask SEC For Hearing On Proxy Rule Change

The Commerce and Industry Association of New York on Sept. 10 asked the Securities and Exchange Commission to hold a public hearing before adopting proposed amendments to the Commission's stockholders' proxy rules under Section 14 of the SEC Act of 1934.

This action was taken after queries were received from member-firms. The proposed changes now are being studied by the Association's Special Committee on Reemployment of Men and Money of which Louis K. Comstock is Chairman.

In a letter to Milton V. Freeman, assistant to the general counsel of SEC, Thomas Jefferson Miley, Secretary of the Commerce and Industry Association, said: "As so much more is involved in these proposed changes than the mere regulation of proxies, and, as these proposed new rules are affected with so much public interest that their full implications should be generally understood by the public, we urge that you hold a public hearing at which all sides could be publicly presented, before these rules are adopted."

In view of the great pressure of war activities on business managements, making it practically impossible for any large number of them to give adequate consideration to the proposed amendments by Sept. 15, Mr. Miley urged that ample advance notice be given if a public hearing is scheduled.

Principal changes proposed are that all proxy statements sent to stockholders, and which must be cleared in advance with SEC, must include the following additional material:

(1) The equivalent of an annual report on the operations of the company which must meet with prior approval of SEC. (At the present time corporate annual reports to stockholders are not under the jurisdiction of SEC.)

(2) A statement of the name, salary, and other remuneration paid by the corporation in any manner to all officers and directors, if in excess of $25,000 in any one year.

(3) At the corporation's expense, to include in the proxy material sent all stockholders any proposal, by any stockholder, for any purpose, up to a maximum of 100 words.

The Commission's summary of proposed proxy rule changes appeared in these columns of Sept. 10, page 893.

Distribution Conference

The 14th annual Boston Conference on Distribution, a national forum on distribution problems, will be held at the Hotel Statler in Boston on Oct. 5 and 6. An important program of distinguished speakers on subjects affecting every business interest has been arranged. It is said that the forthcoming meeting will not be a "usual" conference. By means of the discussions, the Boston Conference hopes to stimulate sound thinking and policies which will enable business to meet the needs of our war effort and conditions to follow.

Among the speakers who will address the conference are Joseph B. Eastman, Director of the Office of Defense Transportation; Wayne C. Taylor, Under Secretary of Commerce; Harold Butler, British Minister to the United States; Sir Louis Beale of the British Supply Council in North America; Robert R. Nathan, Chairman of the Planning Committee of the War Production Board; David C. Prince, Vice-President of the General Electric Co., and Donald K. David, dean of the Harvard Graduate School of Business Administration.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,359	231,368	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,539	78	87
Sept. 12	106,933	101,891	222,636	65	86

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Gross And Net Earnings Of United States Railroads For The Month Of July

The earnings of the United States railroads for the month of July have not only exceeded those of previous months of this year but have now attained a total that is the largest in the history of the railroads for any month in any year and are even larger than the previous peak attained in October, 1920, when the huge total of $633,852,568 was recorded.

As we explained in these columns before it was to be expected that the ratio of expenses to earnings was bound to rise at some future time, due to the hard usage the equipment of the railroads has been put to. This is evident to a considerable degree for the first time in the July figures. In that month the ratio of expenses to earnings rose to 70.35% in July, 1942, from 56.74% in July a year ago and from 60.68% in June of this year. Many other items of expenses such as wages, cost of equipment, etc., also contribute to the increase. The managers of the roads are to be congratulated for the way they have handled the many and various problems presented to them.

Gross earnings of the railroads of the United States in July were $665,180,069 against $485,398,030 in July last year, an increase of $179,782,039, or 37.04%. Net earnings for July reached $274,705,768 against $175,671,979 in July, 1941, a gain of $99,033,789, or 56.37%. We now give below the results for the month of July, 1941 and 1942, in tabular form:

Month of July—	1942	1941	Incr. (+) or Decr. (—) Amount	%
Mileage of 132 roads	231,047	232,270	— 1,223	— 0.53
Gross earnings	$665,180,069	$485,398,030	+$179,782,039	+37.04
Operating expenses	390,474,301	309,726,051	+ 80,748,250	+26.07
Ratio of expenses to earnings	(70.35%)	(56.72%)		
Net earnings	$274,705,768	$175,671,979	+ $99,033,789	+56.37

As we have seen, the gross earnings of the railroads increased 37.04% for the month of July. Now let us review those figures which form the foundation for the increase in railroad revenues. In order to show the relation of the trends of the general activity of business to the gross earnings of the railroads during the month under review, we have brought together in the subjoined table those figures which are representative of the activity in the more important industries together with those relating to livestock and grain receipts and revenue freight car loadings for the month of July of the current year in comparison with the corresponding month for the years 1941, 1940, 1932 and 1929:

July—	1942	1941	1940	1932	1929
Building ($000):					
†Constr. contracts awarded	943,796	577,392	398,673	128,769	652,436
Coal (net tons):					
‡Bituminous	47,700,000	44,080,000	35,890,000	17,857,000	41,379,000
§Pennsylvania anthracite	5,341,000	4,855,000	4,534,000	3,021,000	4,810,000
Freight Traffic:					
¶Carloadings, all (cars)	z4,185,096	z4,295,457	z3,540,377	z2,429,330	z5,265,998
††Livestock receipts:					
Chicago (cars)	5,827	6,117	6,102	9,786	18,736
Kansas City (cars)	3,165	2,376	2,604	4,520	7,522
Omaha (cars)	1,643	1,543	1,571	3,120	6,653
‡‡Western flour and grain receipts:					
Flour (000 barrels)	z1,942	z1,999	z1,986	z1,797	z2,031
Wheat (000 bushels)	z68,588	z117,417	z110,241	z43,835	z113,249
Corn (000 bushels)	z25,988	z25,689	z24,146	z8,865	z23,816
Oats (000 bushels)	z7,606	z12,604	z5,366	z8,651	z12,102
Barley (000) bushels)	z5,217	z7,598	z4,134	z789	z4,532
Rye (000 bushels)	z1,569	z4,667	z1,021	z900	z846
Iron and Steel (net tons):					
§§Steel ingot production	7,148,824	6,812,224	5,724,625	915,738	5,513,546
Lumber (000 feet):					
¶¶Production	z1,279,698	z1,334,123	z1,099,429	x413,701	z1,755,931
¶¶Shipments	z1,437,758	z1,417,270	z1,159,452	x454,458	z1,693,011
¶¶Orders received	z1,508,153	z1,530,528	z1,318,579	x449,710	z1,650,351

Note—Figures in above table issued by:

†F. W. Dodge Corp. (figures for 37 States east of Rocky Mountains). ‡National Bituminous Coal Commission. §United States Bureau of Mines. ¶Association of American Railroads. ††Reported by major stock yard companies in each city. ‡‡New York Produce Exchange. §§American Iron and Steel Institute. ¶¶National Lumber Manufacturers' Association (number of reporting mills varies in different years). x Four weeks. z Five weeks.

A glance at the statistics compiled in the tabulation presented above reveals the fact that though most of the items listed were more active in comparison with the corresponding period of last year, a few of them showed downward trends in volume of activity. Construction contracts awarded increased $366,404,000 to $943,796,000. Bituminous, anthracite coal, and steel ingot production all reached new highs for the period with gains over the previous month of July of 3,620,000, 486,000 and 336,600 net tons, respectively. Livestock receipts showed a gain of 599 cars, while grain receipts with the exception of corn fell below their 1941 level. Car loadings dropped 110,361 cars, but as evidenced by the increase in revenues, there were more full loads than in 1941.

The total amount of major increases in both gross and net earnings reached a new high for the month of July with major gains aggregating $179,327,658 in gross and $99,934,077 in net. The Pennsylvania led in both gross and net listings with gains of $19,712,888 and $11,905,545. The Southern Pacific was second in both categories with respective gains in gross and net of $14,934,134 and $8,450,075, while the New York Central finished third in gross gains with $12,588,995 and the Union Pacific third in net with an increase of $7,959,599. In addition 81 more roads in the gross classification and 66 roads in the net category rounded out the list of roads being able to show gains of $100,000 or more over July of the preceding year. In reference to the decreases, let it suffice to say that the Virginian led both gross and net with decreases of $476,773 and $559,040.

Without further comment, we now present our usual tabulation showing the major changes of $100,000 or more in both gross and net, whether they be increases or decreases, for the separate roads and systems:

PRINCIPAL CHANGES IN GROSS EARNINGS FOR THE MONTH OF JULY

	Increase		Increase
Pennsylvania	$19,712,888	Western Maryland	$882,226
Southern Pacific (2 roads)	14,934,134	Gulf Mobile & Ohio	873,064
New York Central	*12,588,995	Alabama Great Southern	846,360
Union Pacific	12,428,310	N. Orl. Tex. & Mex. (3 rds.)	820,720
Atchison Topeka & Santa Fe	11,583,242	International Great Northern	698,839
Baltimore & Ohio	7,090,813	New Orleans & Northeastern	672,600
Missouri Pacific	5,978,077	Colorado & Southern (2 rds.)	665,362
Southern	5,780,416	Cinc. N. Orl. & Tex. Pac.	628,691
Illinois Central	4,688,593	Central of Georgia	599,017
N. Y. N. H. & H.	4,683,505	Louisiana & Arkansas	589,933
Louisville & Nashville	4,198,931	Chicago & East Illinois	485,646
Seaboard Air Line	4,027,531	Spokane Portland & Seattle	446,540
Atlantic Coast Line	3,959,855	Elgin Joliet & Eastern	435,269
Chicago Burlington & Quincy	3,132,966	Pere Marquette	339,542
New York Chicago & St L	3,011,767	Georgia	320,270
Chicago Rock Island & Pac.	2,943,342	Chicago Great Western	301,072
St. Louis Southwestern	2,485,506	Wheeling & Lake Erie	291,772
Northern Pacific	2,457,297	Norfolk Southern	248,852
St. Louis-San Fran. (2 roads)	2,335,968	Pittsburgh & Lake Erie	229,323
Denver & Rio Grande West.	2,310,307	New York Ontario & Western	196,259
Chesapeake & Ohio	2,265,093	Chi. St. P. Minn. & Omaha	195,079
Texas & Pacific	2,262,371	Penn-Reading Seashore Lines	184,942
Reading	2,254,805	Western Ry. of Alabama	180,196
Lehigh Valley	2,230,082	Grand Trunk Western	164,616
Chicago & North Western	2,086,807	Maine Central	155,343
Erie	2,079,880	Atlanta & West Point	142,580
Wabash	2,023,036	Georgia Southern & Florida	139,845
Chi. Milw. St. Paul & Pac.	2,019,743	Pitts. & West Virginia	135,416
Great Northern	1,908,541	Illinois Terminal	134,265
Yazoo & Mississippi Valley	1,762,196	Northwestern Pacific	125,324
Kansas City Southern	1,530,800	Atlanta Birmingham & Coast	116,349
Missouri-Kansas-Texas	1,440,095	Maine Central	110,132
Alton	1,231,586	Gulf & Ship Island	105,009
Richmond Fred. & Potomac	1,213,702	Clinchfield	101,810
Boston & Maine	1,201,940	Okla. City-Ada-Atoka	101,455
Duluth Missabe & Iron Range	1,075,812		
Central of New Jersey	1,068,710	Total (84 roads)	$179,327,658
Norfolk & Western	1,014,987		
Western Pacific	1,014,774		Decrease
Florida East Coast	1,012,388	Virginian	$476,773
Delaware Lack. & Western	939,651	New York Connecting	201,045
Nashville Chatt. & St. Louis	909,912	Detroit Toledo & Ironton	100,329
Long Island	895,789		
Delaware & Hudson	888,792	Total (3 roads)	$778,147

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $12,818,318.

PRINCIPAL CHANGES IN NET EARNINGS FOR THE MONTH OF JULY

	Increase		Increase
Pennsylvania	$11,905,545	N. Orl. Tex. & Mex. (3 rds.)	$504,122
Southern Pacific (2 roads)	8,450,075	Colorado & Southern (2 rds.)	494,468
Union Pacific	7,959,599	New Orleans & Northeastern	453,644
Atchison Topeka & Santa Fe	7,328,793	International Great Northern	445,863
New York Central	*6,876,500	Boston & Maine	404,752
Missouri Pacific	4,143,179	Chi. Milw. St. P. & Pac.	398,467
Southern	3,528,336	Central of Georgia	389,842
Baltimore & Ohio	3,132,338	Western Maryland	379,483
N. Y. N. H. & H.	3,050,087	Nash. Chatt. & St. Louis	373,125
Seaboard Air Line	2,574,873	Delaware Lack. & Western	370,300
Atlantic Coast Line	2,405,826	Cinc. N. Orl. & Tex. Pac.	325,366
Louisville & Nashville	2,323,702	Spokane Portland & Seattle	308,344
Illinois Central	2,132,759	Louisiana & Arkansas	299,569
New York Chicago & St. L.	1,861,049	Central of New Jersey	276,607
Chicago Rock Island & Pac.	1,808,502	Chicago & East Illinois	254,225
St. Louis Southwestern	1,790,396	Delaware & Hudson	215,380
Chicago Burlington & Quincy	1,727,420	Georgia	209,195
Denver & Rio Grande West.	1,624,398	Wheeling & Lake Erie	176,167
Texas & Pacific	1,501,027	Norfolk Southern	149,069
Reading	1,465,180	Chicago Great Western	141,195
Yazoo & Mississippi Valley	1,345,406	Chi. St. P. Minn. & Omaha	140,404
Lehigh Valley	1,310,609	Grand Trunk Western	133,217
St. Louis-San Fran. (2 rds.)	1,303,506	Missouri-Kansas-Texas	129,971
Wabash	1,168,959	Western Ry. of Alabama	120,060
Richmond Fred. & Potomac	919,699	Georgia Southern & Florida	111,493
Northern Pacific	856,847	Penn-Reading Seashore Lines	102,116
Alton	785,406		
Kansas City Southern	783,052	Total (69 roads)	$99,934,077
Florida East Coast	746,118		
Erie	724,544		Decrease
Chicago & North Western	718,620	Virginian	$559,040
Duluth Missabe & Iron Range	716,689	Norfolk & Western	424,192
Great Northern	715,815	Bessemer & Lake Erie	293,325
Chesapeake & Ohio	708,596	New York Connecting	234,478
Western Pacific	654,017	Minn. St. P. & S. S. Marie	167,764
Alabama Great Southern	550,914	Detroit Toledo & Ironton	128,280
Long Island	523,692		
Gulf Mobile & Ohio	504,560	Total (6 roads)	$1,807,079

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $6,914,979.

In order to indicate more clearly which sections of the country have been most active in contributing to the increased earnings, we now turn to our break-down of the results of the Nation as a whole into the geographical subdivisions, districts and regions. The Western District headed the districts in percentage gross gains with an increase of 41.59% and was followed closely by the Southern District with a gain of 41.07%. The Eastern District showed the smallest improvement, one of 31.15%. All three districts showed greater gains in net than in gross. In order consistent with that recorded in gross, the gains were 56.37%, 55.99%, and 49.79%. In reference to the regions, the Southwestern headed these subdivisions of the districts with an increase of 65.26%, followed by the Southern region, which recorded a 54.01% gain. The Southwestern and Southern regions were also first and second in the net category having respective gains of 119.22% and 94.21%.

For a detailed picture of the outline presented above, we now turn to our summary grouping of the roads. Our grouping, as formerly explained, is in conformity with the classifications set up by the Interstate Commerce Commission. For the boundaries of the various subdivisions consult the footnote attached to the following table:

SUMMARY BY GROUPS—MONTH OF JULY

District and Region	Gross Earnings 1942 $	Gross Earnings 1941 $	Inc. (+) or Dec. (—) $	Inc. (+) or Dec. (—) %
Eastern District—				
New England region (10 roads)	24,292,814	18,221,891	+ 6,070,923	+33.32
Great Lakes region (23 roads)	110,874,111	85,796,533	+ 25,077,578	+29.23
Central Eastern region (18 roads)	136,660,899	103,254,069	+ 33,406,830	+32.35
Total (51 roads)	271,827,824	207,272,493	+ 64,555,331	+31.15
Southern District—				
Southern region (26 roads)	89,826,323	58,326,112	+ 31,500,211	+54.01
Pocahontas region (4 roads)	32,180,536	28,163,527	+ 4,017,009	+14.63
Total (30 roads)	122,006,859	86,489,639	+ 35,517,220	+41.07
Western District—				
Northwestern region (15 roads)	72,180,262	61,448,702	+ 10,731,560	+17.46
Central Western region (16 roads)	141,516,774	95,303,492	+ 46,213,282	+48.49
Southwestern region (20 roads)	57,648,350	34,883,704	+ 22,764,646	+65.26
Total (51 roads)	271,345,386	191,635,898	+ 79,709,488	+41.59
Total all districts (132 roads)	665,180,069	485,398,030	+179,782,039	+37.04

District and Region	Mileage 1942	Mileage 1941	Net Earnings 1942 $	Net Earnings 1941 $	Incr. (+) or Dec. (—) $	Incr. (+) or Dec. (—) %
Eastern District—						
New England region	6,646	6,699	9,174,837	5,891,113	+ 3,283,724	+55.74
Great Lakes region	26,024	26,050	41,612,151	28,730,447	+12,881,704	+44.84
Central East. region	24,217	24,463	51,397,683	33,596,085	+17,801,598	+52.99
Total	56,887	57,212	102,184,671	68,217,645	+33,967,026	+49.79
Southern District—						
Southern region	37,697	38,040	38,242,073	19,691,030	+18,551,043	+94.21
Pocahontas region	6,057	6,086	15,240,374	14,595,311	+ 645,063	+44.20
Total	43,754	44,126	53,482,447	34,286,341	+19,196,106	+55.99
Western District—						
Northwestern region	45,610	45,514	29,665,790	25,848,009	+ 3,817,781	+14.77
Central West. region	55,888	56,363	63,376,678	35,461,694	+27,914,984	+78.72
Southwestern region	28,908	29,055	25,996,182	11,858,290	+14,137,892	+119.22
Total	130,406	130,932	119,038,650	73,167,993	+45,870,657	+62.69
Total all districts	231,047	232,270	274,705,768	175,671,979	+99,033,789	+56.37

Note—Our grouping of the roads conforms to the classification of the Interstate Commerce Commission, and the following indicates the confines of the different groups and regions:

EASTERN DISTRICT

New England Region—Comprises the New England States.

Great Lakes Region—Comprises the section on the Canadian boundary between New England and the westerly shore of Lake Michigan to Chicago, and north of a line from Chicago via Pittsburgh to New York.

Central Eastern Region—Comprises the section south of the Great Lakes Region east of a line from Chicago through Peoria to St. Louis and the Mississippi River to the mouth of the Ohio River, and north of the Ohio River to Parkersburg, W. Va., and a line thence to the southwestern corner of Maryland and by the Potomac River to its mouth.

SOUTHERN DISTRICT

Southern Region—Comprises the section east of the Mississippi River and south of the Ohio River to a point near Kenova, W. Va., and a line thence following the eastern boundary of Kentucky and the southern boundary of Virginia to the Atlantic.

Pocahontas Region—Comprises the section north of the southern boundary of Virginia, east of Kentucky and the Ohio River north to Parkersburg, W. Va., and south of a line from Parkersburg to the southwestern corner of Maryland and thence by the Potomac River to its mouth.

WESTERN DISTRICT

Northwestern Region—Comprises the section adjoining Canada lying west of the Great Lakes Region, north of a line from Chicago to Omaha and thence to Portland, and by the Columbia River to the Pacific.

Central Western Region—Comprises the section south of the Northwestern Region west of a line from Chicago to Peoria and thence to St. Louis, and north of a line from St. Louis to Kansas City and thence to El Paso and by the Mexican boundary to the Pacific.

Southwestern Region—Comprises the section lying between the Mississippi River south of St. Louis and a line from St. Louis to Kansas City and thence to El Paso, and by the Rio Grande to the Gulf of Mexico.

The Western grain movement fell off 59,007,000 bushels, to an aggregate of 108,968,000 bushels. Wheat was the chief contributing factor to this decrease, falling off 48,829,000 bushels. Oats receipts dropped to 7,606,000 bushels, while rye and barley also showed downward trends, though on a more moderate scale. Corn with an increase in receipts of 299,000 bushels was the only grain recording an improvement over the receipts of the 1941 period. Flour receipts dropped slightly from 1,999,000 barrels to 1,942,000 barrels in 1942.

The Western flour and grain movement is given in detail in the subjoined tabulation:

WESTERN FLOUR AND GRAIN RECEIPTS
Five Weeks Ended Aug. 1

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	1,012	3,543	7,853	2,402	35	733
	1941	1,077	8,108	9,541	4,310	501	718
Minneapolis	1942	----	13,082	2,002	1,503	1,293	2,423
	1941	----	27,736	1,241	2,699	3,195	3,460
Duluth	1942	----	5,544	2,655	----	45	103
	1941	21	17,281	2,652	356	441	784
Milwaukee	1942	79	117	971	45	15	1,291
	1941	79	610	2,306	300	215	1,779
Toledo	1942	----	3,616	150	281	----	24
	1941	----	5,097	27	795	2	11
Indianapolis & Omaha	1942	----	7,312	3,436	1,208	40	11
	1941	25	12,009	2,636	1,597	94	60
St. Louis	1942	544	4,872	1,731	602	45	125
	1941	479	5,693	3,089	897	45	243
Peoria	1942	218	611	3,923	416	62	355
	1941	185	1,267	3,672	697	50	316
Kansas City	1942	89	19,594	2,027	674	6	----
	1941	133	29,555	153	490	----	----
St. Joseph	1942	----	2,330	501	329	4	6
	1941	----	2,122	180	323	----	----
Wichita	1942	----	7,346	3	----	----	----
	1941	----	7,486	----	----	----	----
Sioux City	1942	----	490	625	146	24	139
	1941	----	453	192	140	124	227
Detroit	1942	----	131	111	----	----	7
	1941	----	----	----	----	----	----
Total all	1942	1,942	68.588	25,988	7,606	1,569	5,217
	1941	1,999	117,417	25,689	12,604	4,667	7,598

WESTERN FLOUR AND GRAIN RECEIPTS
Seven Months Ended Aug. 1

(000 omitted)	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	6,640	7,395	57,137	11,053	1,617	7,784
	1941	6,065	14,170	55,172	11,342	3,400	7,012
Minneapolis	1942	----	56,504	13,643	13,687	6,273	20,040
	1941	86	63,706	8,129	10,025	8,021	23,553
Duluth	1942	----	21,816	9,815	71	861	1,504
	1941	21	30,643	11,848	1,000	771	3,172
Milwaukee	1942	470	295	6,217	421	645	14,131
	1941	547	3,667	6,438	476	454	13,536
Toledo	1942	283	6,840	4,015	1,813	523	132
	1941	----	9,623	1,546	3,611	27	51
Indianapolis & Omaha	1942	----	13,224	29,728	6,825	247	45
	1941	25	19,507	19,847	4,407	339	98
St. Louis	1942	3,907	9,444	13,655	2,280	736	1,440
	1941	4,026	13,673	8,401	2,121	209	1,082
Peoria	1942	1,205	1,798	26,891	1,224	497	2,249
	1941	1,254	2,357	19,199	1,684	565	2,132
Kansas City	1942	495	39,624	19,815	2,504	6	----
	1941	802	64,358	3,868	1,272	----	----
St. Joseph	1942	----	3,814	3,148	1,801	4	6
	1941	----	3,296	1,142	1,223		
Wichita	1942	----	13,277	24	2	----	----
	1941	----	17,243	----	----	----	10
Sioux City	1942	----	1,721	3,057	484	104	985
	1941	----	1,186	1,141	326	177	874
Detroit	1942	----	131	111	----	15	7
	1941	----	----	----	----	----	----
Total all	1942	13,000	175,883	187,256	42,165	11,528	48,323
	1941	12,826	243,429	136,731	37,487	13,963	51,520

In conclusion we now furnish our usual summary of the comparison of gross and net earnings of the railroads of the country for the month of July each year from 1942 back to and including 1909:

Month of July	Gross Earnings Year Given	Gross Earnings Year Preceding	Inc. (+) or Dec. (—)	%	Mileage Year Given	Mileage Year Preced'g
1909	$219,964,739	$195,245,655	+$24,719,084	+12.66	234,500	------
1910	230,615,776	217,803,354	+ 12,812,422	+ 5.88	238,169	------
1911	224,751,083	226,306,735	— 1,555,652	— 0.69	230,076	226,493
1912	245,595,532	222,587,872	+ 23,007,660	+10.34	230,712	227,194
1913	235,849,764	223,813,526	+ 12,036,238	+ 5.33	206,084	203,773
1914	252,231,248	261,803,011	— 9,571,763	— 3.66	235,407	231,639
1915	262,948,115	260,624,000	+ 2,324,115	+ 0.89	243,042	241,796
1916	308,040,791	263,944,649	+ 44,096,142	+16.71	244,249	243,563
1917	353,219,982	306,891,957	+ 46,328,025	+15.10	245,699	244,921
1918	463,684,172	346,022,857	+117,661,315	+34.00	231,700	230,570
1919	454,588,513	469,246,733	— 14,658,220	— 3.12	226,654	226,934
1920	467,351,544	401,376,485	+ 65,975,059	+16.44	220,459	218,918
1921	460,989,697	527,396,813	— 66,407,116	—12.59	230,991	230,410
1922	442,736,397	462,696,986	— 19,960,589	— 4.31	235.082	234,556
1923	534,634,552	442,955,873	+ 91,678,679	+20.70	235,477	235,813
1924	480,704,944	534,222,102	— 53,517,158	—10.02	235,145	235,407
1925	521,538,604	480,943,003	+ 40,595,601	+ 8.44	236,762	236,525
1926	555,471,276	521,596,191	+ 33,875,085	+ 6.49	236,885	235,348
1927	508,413,874	556,710,935	— 48,297,061	— 8.67	238,316	237,711
1928	512,145,231	508,811,786	+ 3,333,445	+ 0.65	240,433	238,906
1929	556,706,135	512,821,937	+ 43,884,198	+ 8.56	241,450	241,183
1930	456,369,950	557,522,607	—101,152,657	—18.14	235,049	242,979
1931	377,938,882	458,088,890	— 80,150,008	—17.50	232,831	232,405
1932	237,462,789	376,314,314	—138,851,525	—36.90	242,228	242,221
1933	297,185,484	237,493,700	+ 59,691,784	+25.13	241,348	241,906
1934	275,583,676	293,341,605	— 17,757,929	— 6.05	239,160	240,882
1935	274,963.381	275,610,064	— 646,683	— 0.23	237,700	239,000
1936	349,256,586	274,921,824	+ 74,334,762	+27.04	236,672	237,892
1937	364,551,039	349,143,052	+ 15,407,987	+ 4.41	235,636	236,126
1938	299,038,208	364,488,504	— 65,450,296	—17.96	234,486	235,390
1939	331,878,000	298,986,884	+ 32,891,116	+11.00	233,396	234,296
1940	365,279.280	331,878,000	+ 33.401,280	+10.06	232,750	233,383
1941	485,398,033	365,421,954	+119,976,079	+32.83	232,273	232,803
1942	665,180,069	485,398,030	+179,782,039	+37.04	231,047	232,270

Month of July	Net Earnings Year Given	Net Earnings Year Preceding	Increase (+) or Decrease (—)	%
1909	$78,350,772	$67,267,352	+$11,083,420	+16.48
1910	73,157,547	77,643,305	— 4,485,758	— 5.78
1911	72,423,469	72,392,058	+ 31,411	+ 0.04
1912	79,427,565	70,536,977	+ 8,890,588	+12.60
1913	64,354,370	67,620,157	— 3,265,787	— 4.83
1914	75,359,466	76,358,377	— 998,911	— 1.31
1915	87,684,985	77,833,745	+ 9,851,240	+12.66
1916	108,709,496	88,421,559	+ 20,287,937	+22.94
1917	111,424.542	108,293,945	+ 3,130,597	+ 2.89
1918	144,348,682	109,882,551	+ 34,466.131	+31.37
1919	96,727,014	152,079,422	— 55,352,408	—36.40
1920	18,827,733	87,949,402	— 69,121,669	—78.59
1921	99,807,935	15,192,214	+ 84,615,721	+556.97
1922	102,258,414	100,293,929	+ 1,964,485	+ 1.96
1923	121,044,775	102,652,493	+ 18,392,282	+17.92
1924	112,626,696	122,228,450	— 9,601,754	— 7.86
1925	139,606,752	111,786,887	+ 27,819,865	+24.89
1926	161,079,612	139,644,601	+ 21,435,011	+15.35
1927	125,438,334	160,874,882	— 35,436,548	—22.03
1928	137,412,487	125,700,631	+ 11,711,856	+ 9.32
1929	168,428,748	137,635,367	+ 30,793,381	+22.37
1930	165,580,269	216,676,353	— 51,096,084	—23.58
1931	96,965,387	125,430,843	— 28,465,456	—22.69
1932	46,125,932	96,983,455	— 50,857,523	—52.44
1933	100,482,838	46,148,017	+ 54,334,821	+117.74
1934	67,569,491	98,803,830	— 31,234,339	—31.61
1935	57,478,685	67,586,762	— 10,108,077	—14.96
1936	101,398,055	57,345,375	+ 44,052,680	+76.82
1937	98,485,524	101,379,262	— 2,893,738	— 2.85
1938	77,310,037	98,476,937	— 21,166,900	—21.49
1939	90,457,198	77,317,123	+ 13,140,075	+16.99
1940	104,023,611	90,457,197	+ 13,566,414	+15.00
1941	175,671,979	104,100,340	+ 71,571,639	+68.75
1942	274,705,768	175,671,979	+ 99,033,789	+56.37

ODT Will Regulate Commercial Vehicles

In a drastic move designed to curtail all non-essential commercial motor vehicle operations, the Office of Defense Transportation announced recently that it will assume control over the nation's approximately 5,000,000 trucks, buses, taxicabs and other commercial vehicles.

Beginning Nov. 15, the ODT will require each of the vehicles affected to carry "certificates of war necessity" which will govern the maximum mileage that they may be operated or the minimum loads that may be carried. No operator subject to the order will be able to obtain gasoline, tires or parts without his certificate.

The order will affect 4,890,000 non-military trucks, 154,000 buses and more than 50,000 taxicabs.

ODT Director Joseph B. Eastman explained the action by saying that the country's present supply of commercial vehicles "must be given the best possible care; they must be driven with equal care, and every mile of unnecessary travel must cease."

In granting ODT "certificates of war necessity," it was explained, the objective will be to see that (1) operations are confined to those which are necessary to the war effort or to the essential civilian economy; (2) operations are so conducted as to attain maximum utilization of the equipment involved; and, (3) the operators conserve and providently utilize rubber or rubber substitutes and other critical materials used in the manufacture, maintenance and operations of the vehicles involved.

The order applies to "all types of trucks and other rubber-tired vehicles propelled or drawn by mechanical power and built or rebuilt primarily for the purposes of transporting property, except motorcycles, and all motor vehicles which are used in the transportation of passengers or which are available for public rental, including ambulances and hearses, but not including private passenger cars."

In addition to private cars, the only vehicles excepted are those operated under the direction of the military forces, commercial vehicles operated by dealers exclusively for the purpose of selling such vehicles and cars which have a capacity of seven or fewer passengers and are used in group riding to haul persons to and from work, if such cars are not used in any other service for compensation.

Under an arrangement between ODT and the Office of Price Administration, coupons or other instruments authorizing the purchase of fuel, tires and tubes will be issued only to operators presenting certificates. Furthermore, gasoline and accessories will be rationed by OPA rationing boards in accordance with terms of the certificates.

September 1 Cotton Report

A United States cotton crop of 14,028,000 bales is forecast by the Crop Reporting Board of the United States Department of Agriculture, based on condition as of Sept. 1, 1942. This is an increase of 943,000 bales from the forecast as of Aug. 1 and compares with 10,744,000 bales produced in 1941, and 13,109,000 bales, the 10-year (1931-40) average. The indicated yield per acre of 289.3 pounds is 19.4 pounds above the previous record yield of 269.9 pounds produced in 1937, and compares with 231.9 pounds in 1941 and 215.0 pounds, the 10-year average. It is estimated that 3.0% of the acreage in cotton on July 1 has been, or will be, abandoned, leaving 23,273,000 acres remaining for harvest. In computing abandonment allowance was made for acreage removed in order to comply with AAA allotments.

Unusually favorable weather conditions which prevailed on Aug. 1 continued over the entire cotton area during the month. In Arkansas, good rains early in August removed the threat of drought and increased the prospective production in that State 13% above the August forecast. Production prospects increased about 10% in Texas, 9% in Mississippi, 8% in Missouri, Alabama and Oklahoma, and 6% in Tennessee, California and Virginia. Nominal increases are indicated for all other States except New Mexico and Arizona where prospects are slightly below a month ago. The tropical storm which struck the coast of Texas at the end of August caused some local damage to cotton yields.

The cotton crop shows unusually good yield prospects throughout the entire cotton area. The indicated yield for the United States is the highest in history. Mississippi and Virginia are the only individual States where record yields are indicated, but in all other States this year's crop closely approximates record yields. In Texas and Oklahoma the yields are well above those of recent years but below the high yields in the late 1890's when cotton production differed materially from the present.

Cotton ginnings for the United States were reported by the Bureau of the Census at 737,886 running bales (counting round as half bales) ginned from the crop of 1942 prior to Sept. 1, compared with 505,720 for 1941 and 650,764 for 1940.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 18 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 5, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 5 (in round-lot transactions) totaled 427,768 shares, which amount was 13.32% of total transactions on the Exchange of 1,606,040 shares. This compares with member trading during the previous week ended Aug. 29 of 534,656 shares, or 14.26% of total trading of 1,873,990 shares. On the New York Curb Exchange, member trading during the week ended Sept. 5 amounted to 76,855 shares, or 14.07% of the total volume of that Exchange of 273,194 shares; during the preceding week trading for the account of Curb members of 85,515 shares was 14.45% of total trading of 295,970 shares.

The Commission made available the following data for the week ended Sept. 5:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	964	673
1. Reports showing transactions as specialists	162	74
2. Reports showing other transactions initiated on the floor	117	12
3. Reports showing other transactions initiated off the floor	139	47
4. Reports showing no transactions	612	527

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 5, 1942

	Total for Week	† Per Cent
A. Total Round-Lot Sales:		
Short sales	44,770	
‡Other sales	1,561,270	
Total sales	1,606,040	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	119,620	
Short sales	21,700	
‡Other sales	89,430	
Total sales	111,130	7.18
2. Other transactions initiated on the floor—		
Total purchases	54,110	
Short sales	5,300	
‡Other sales	45,270	
Total sales	50,570	3.26
3. Other transactions initiated off the floor—		
Total purchases	49,508	
Short sales	6,700	
‡Other sales	36,130	
Total sales	42,830	2.88
4. Total—		
Total purchases	223,238	
Short sales	33,700	
‡Other sales	170,830	
Total sales	204,530	13.32

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 5, 1942

	Total for Week	† Per Cent
A. Total Round-Lot Sales:		
Short sales	4,475	
‡Other sales	268,719	
Total sales	273,194	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	18,385	
Short sales	3,290	
‡Other sales	23,610	
Total sales	26,900	8.29
2. Other transactions initiated on the floor—		
Total purchases	4,575	
Short sales	0	
‡Other sales	3,750	
Total sales	3,750	1.52
3. Other transactions initiated off the floor—		
Total purchases	9,300	
Short sales	900	
‡Other sales	13,045	
Total sales	13,945	4.26
4. Total—		
Total purchases	32,260	
Short sales	4,190	
‡Other sales	40,405	
Total sales	44,595	14.07
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	16,107	
Total purchases	16,107	
Total sales	8,451	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Living Costs In Large Cities Advanced 0.4% Between July 15-Aug. 15, Labor Bureau Reports

Led by sharp increases for certain foods exempt from price control, the cost of living in large cities rose by 0.4% from July 15 to Aug. 15, Secretary of Labor Perkins announced on Sept. 13. The Bureau of Labor Statistics' index of the cost of living now stands at 117.4% of the 1935-39 level, about 19% higher than in August, 1939, just before the outbreak of war in Europe.

Price increases for foods not subject to OPA regulation amounted on the average of 2.2% from July to August and to nearly 10% during the three-month period since mid-May, when the General Maximum Price Regulation became effective. For foods controlled by the OPA there was also some advance (0.5%) from July to August. Since May, these controlled foods have declined 0.3%. The total food bill went up by 1.2% from July to August. On the other hand, elements in the cost of living predominantly subject to regulation—clothing, rent, fuel, ice, and housefurnishings—for the most part declined slightly. Total costs of all controlled goods and services were unchanged, while costs not under control rose by 1.3% from July to August.

The following table shows changes since a month ago and since May:

	July 15 to Aug. 15, 1942	May 15 to Aug. 15, 1942
All items	+0.4	+1.2
Food	+1.2	+3.7
Controlled	+0.5	—0.3
Uncontrolled	+2.2	+9.8
Clothing	—0.2	—0.9
Rents	—0.1	—2.1
Fuel, electricity and ice	—0.1	+1.2
Housefurnishings	—0.5	—0.3
Miscellaneous	+0.1	+0.2

The Department's announcement further explained:

"**Food Costs.** With but a few exceptions, all foods not controlled rose more than usual at this season of the year. Among the greatest increases over the month were those of 18% for lettuce, and 14% for sweet potatoes, 8% for butter, more than 5% for roasting chickens, all of which were practically double the usual seasonal advances.

"Other increases, also, somewhat greater than seasonal, were 12% for eggs, 16% for green beans, and 8% for dried prunes. Prices were slightly higher for wheat flour, corn meal, fresh fish, cheese, oranges, navy beans, and others. Prices of apples, potatoes, cabbage, and onions showed large seasonal declines. As a group, these uncontrolled products account for about 40% of the average urban family's food budget.

"On the whole, there was little change in food prices covered by OPA regulation. Many of these prices, such as those for white and rye bread, macaroni, canned salmon, and milk showed no increases. For a few other products, particularly beef and pork, there were price increases of 1 to 2%, which, however, were relatively small compared with advances for uncontrolled foodstuffs. Average costs for lamb, which came under control on Aug. 1, showed no change over the month. Taken as a whole, these controlled foods have shown an average decline of 0.3% since the imposition of the General Maximum Price Regulation in mid-May.

"**Rents.** As more cities have been brought under Federal rent control, there has been a steady decline in the Bureau of Labor Statistics' index of rents in large cities, amounting on the average to 2% in the last three months. From mid-July to mid-August, there were reductions in 7 of the cities surveyed, with an average decline for all cities of 0.1%. Reductions were greatest in crowded defense areas such as Seattle, where advances in rents had previously been very marked. Fourteen of the cities surveyed are now subject to Federal control, including Denver, where control went into effect on Aug. 1.

"**Other Living Costs.** Costs of clothing, housefurnishings, and fuels have also been declining. August sales were largely responsible for price reductions of 0.2% and 0.5% respectively for clothing and housefurnishings. Women's percale dresses, men's wool suits, children's shoes, sheets, and furniture were among the goods affected.

"Cost of fuel, electricity, and ice declined slightly. In the East there were price reductions for fuel oil (as well as for gasoline), following an OPA order rescinding an earlier increase, and absorbing higher freight costs, which are now covered by Government subsidies. On the other hand, a small net increase was reported in the average cost of miscellaneous goods and services.

"Among the largest increases in service costs were those for services exempt from Federal control such as those provided by barbers, beauty parlors, physicians, hospitals, and movies, which have been advancing steadily for some time. With the increases of the past month, prices of men's haircuts have gone up by 5% since last March, women's beauty parlor services by 3½%, medical care by more than 2%, and movies by 2%. During the past month reductions in a few cities were reported for laundry services, which became subject to OPA control on July 1."

The Labor Department this month combined its releases covering retail costs of food and changes in cost of living.

Index numbers of food costs by commodity groups for Aug. 18, July 14, June 16, May 12, and March 17, 1942, Aug. 12, 1941, and Aug. 15, 1939, are shown in the following table:

INDEXES OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS

(Five-Year Average 1935-39 = 100)

Commodity Group	*Aug. 18 1942	July 14 1942	June 16 1942	May 12 1942	Mar. 17 1942	Aug. 12 1941	Aug. 15 1939
ALL FOODS	126.1	124.6	123.2	121.6	118.6	108.0	93.5
Cereals and bakery products	105.3	105.1	105.1	105.2	104.8	99.0	93.4
Meats	129.5	127.5	126.6	124.3	120.5	111.2	95.7
Beef and veal	125.3	123.6	123.3	124.1	119.7	112.1	99.6
Pork	123.3	122.1	121.9	123.2	117.5	109.5	88.0
Lamb	133.0	133.0	130.7	118.2	108.7	109.6	98.8
Chickens	131.8	125.7	123.3	113.4	112.2	103.1	94.6
Fish, fresh & canned	164.7	161.2	158.3	150.9	158.9	125.5	99.6
Dairy products	125.8	†122.8	122.1	123.3	121.7	114.5	93.1
Eggs	145.6	†130.2	119.7	115.4	112.1	120.7	90.7
Fruits & vegetables	133.1	135.7	133.8	128.7	123.4	103.4	92.4
Fresh	135.3	139.1	136.7	130.0	123.7	103.8	92.8
Canned	122.9	122.4	122.2	122.7	120.8	100.2	91.6
Dried	138.9	134.2	132.6	131.2	127.9	109.1	90.3
Beverages	123.5	122.8	122.6	124.6	119.6	103.8	94.9
Fats and oils	120.4	120.0	120.0	122.4	116.8	99.2	84.5
Sugar	126.7	126.6	126.7	127.1	128.5	109.0	95.6

*Preliminary. †Revised.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Sept. 18 a summary for the week ended Sept. 12, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Sept. 12, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	7,132
Number of shares	186,007
Dollar value	6,792,596
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	101
*Customers' other sales	7,662
Customers' total sales	7,763
Number of Shares:	
Customers' short sales	2,513
*Customers' other sales	189,324
Customers' total sales	191,837
Dollar value	5,478,974
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	170
†Other sales	61,360
Total sales	61,530
Round-lot Purchases by Dealers—	
Number of shares	55,860

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Sept. 12, 1942

Lumber production during the holiday week ended Sept. 12, 1942, was 10% less than the previous week, shipments were 13% less, new business 7% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 2% above production; new orders 4% above production. Compared with the corresponding week of 1941, production was 22% less, shipments 19% less, and new business 8% less. The industry stood at 106% of the average of production in the corresponding week of 1935-39 and 115% of average 1935-1939 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 36 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 3% above the shipments, and new orders 7% above the orders of the 1941 period. For the 36 weeks of 1942, new business was 20% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 72% on Sept. 12, 1942, compared with 40% a year ago. Unfilled orders were 31% greater than a year ago; gross stocks were 28% less.

Softwoods and Hardwoods

Record for the current week ended Sept. 12, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	438	438	457
Production	223,175	284,717	249,056
Shipments	227,701	282,342	262,593
Orders	231,360	252,038	249,290

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	356	96
Production	212,990—100%	10,185—100%
Shipments	213,759—100	13,942—137
Orders	220,107—103	11,253—110

Revenue Freight Car Loadings During Week Ended Sept. 12, 1942 Totaled 814,885 Cars

Loading of revenue freight for the week ended Sept. 12, which included Labor Day holiday, totaled 814,885 cars, the Associated of American Railroads announced on Sept. 17. This was a decrease below the corresponding week in 1941, which did not include Labor Day holiday, of 99,771 cars or 10.9%, but an increase above the same week of 1940, which did not include Labor Day holiday, of 10,620 cars or 1.3%.

Loading of revenue freight for the week of Sept. 12 decreased 73,075 cars or 8.2% below the preceding week.

Miscellaneous freight loading totaled 378,989 cars, a decrease of 41,068 cars below the preceding week, and a decrease of 11,259 cars below the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 79,278 cars, a decrease of 9,719 cars below the preceding week, and a decrease of 79,634 cars below the corresponding week in 1941.

Coal loading amounted to 153,490 cars, a decrease of 12,610 cars below the preceding week, and a decrease of 18,302 cars below the corresponding week in 1941.

Grain and grain products loading totaled 45,396 cars, an increase of 1,312 cars above the preceding week, and an increase of 350 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Sept. 12 totaled 33,146 cars, an increase of 3,301 cars above the preceding week, and an increase of 2,879 cars above the corresponding week in 1941.

Live stock loading amounted to 15,336 cars, a decrease of 807 cars below the preceding week, but an increase of 884 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Sept. 12 totaled 11,595 cars, a decrease of 748 cars below the preceding week, but an increase of 428 cars above the corresponding week in 1941.

Forest products loading totaled 46,291 cars, a decrease of 6,151 cars below the preceding week and a decrease of 521 cars below the corresponding week in 1941.

Ore loading amounted to 82,676 cars, a decrease of 3,186 cars below the preceding week, but an increase of 8,228 cars above the corresponding week in 1941.

Coke loading amounted to 13,429 cars, a decrease of 846 cars below the preceding week, but an increase of 483 cars above the corresponding week in 1941.

All districts reported decreases compared with the corresponding week in 1941, except the Southwestern but all districts reported increases compared with the corresponding week of 1940 except the Eastern and Northwestern.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
5 weeks of August	4,350,948	4,463,372	3,717,933
Week of Sept. 5	887,960	797,791	695,094
Week of Sept. 12	814,885	914,656	804,265
Total	30,435,366	29,439,986	24,954,277

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 12, 1942. During this period (which included Labor Day) only 24 roads showed increases when compared with the corresponding week last year (which did not include Labor Day holiday).

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 12

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	294	588	571	1,183	1,492
Bangor & Aroostook	765	983	813	166	292
Boston & Maine	5,349	9,182	7,561	12,707	13,436
Chicago, Indianapolis & Louisville	1,358	1,696	1,483	1,890	2,586
Central Indiana	23	17	13	69	77
Central Vermont	883	1,539	1,375	2,677	2,599
Delaware & Hudson	6,084	7,119	5,680	10,311	11,111
Delaware, Lackawanna & Western	6,952	9,809	9,323	9,908	9,246
Detroit & Mackinac	408	297	393	284	157
Detroit, Toledo & Ironton	1,682	2,447	1,982	1,076	1,312
Detroit & Toledo Shore Line	269	350	288	2,099	4,065
Erie	11,150	15,226	13,981	15,308	15,707
Grand Trunk Western	3,844	5,614	4,749	8,289	8,986
Lehigh & Hudson River	158	160	195	3,149	2,738
Lehigh & New England	1,896	1,875	2,517	1,917	2,028
Lehigh Valley	7,896	10,511	9,951	13,147	9,823
Maine Central	1,974	3,338	2,642	2,308	2,598
Monongahela	5,633	6,587	5,331	421	314
Montour	2,283	2,557	2,365	32	59
New York Central Lines	45,475	53,942	45,758	51,411	55,038
N. Y., N. H. & Hartford	7,986	12,566	10,494	17,721	15,962
New York, Ontario & Western	993	1,223	1,024	2,127	2,333
New York, Chicago & St. Louis	7,548	7,507	6,694	15,112	14,232
N. Y., Susquehanna & Western	296	548	370	2,305	1,658
Pittsburgh & Lake Erie	7.249	8,677	7,613	7,720	9,033
Pere Marquette	4,826	6,341	6,127	5,681	6,633
Pittsburgh & Shawmut	653	788	868	22	46
Pittsburgh, Shawmut & North	333	459	409	186	482
Pittsburgh & West Virginia	925	1,167	884	3,153	2,425
Rutland	325	625	648	805	1,205
Wabash	5,316	6,297	5,968	12,084	10,523
Wheeling & Lake Erie	4.600	5.673	4,989	4,734	4,300
Total	145,426	185,708	163,059	210,002	212,496
Allegheny District—					
Akron, Canton & Youngstown	701	749	534	1,219	1,166
Baltimore & Ohio	38,859	43,276	35,915	23,826	22,827
Bessemer & Lake Erie	6,439	6,891	6,357	2,555	2,416
Buffalo Creek & Gauley	263	276	309	4	4
Cambria & Indiana	1,773	1,895	1,361	10	11
Central R. R. of New Jersey	6,816	8,778	6,910	19,270	16,909
Cornwall	696	701	665	43	66
Cumberland & Pennsylvania	236	325	248	17	34
Ligonier Valley	138	118	135	48	57
Long Island	884	964	753	3,684	3,023
Penn-Reading Seashore Lines	1,868	2,313	1,751	2,655	2,211
Pennsylvania System	77,425	93,615	76,077	62,144	61,560
Reading Co.	13,129	18,057	16,457	26.790	24,486
Union (Pittsburgh)	20,346	19,322	19.772	7,065	7,019
Western Maryland	3,813	4,611	3,472	12,455	9,981
Total	173,386	201,891	170,716	161,785	151,776
Pocahontas District—					
Chesapeake & Ohio	26,765	30,792	25,079	11,811	13,651
Norfolk & Western	22,058	25,099	21.869	6,456	6,325
Virginian	4,546	4,831	4,679	2,034	1,939
Total	53,369	60,722	51,627	20,301	21,915
Southern District—					
Alabama, Tennessee & Northern	339	411	223	411	228
Atl. & W. P.—W. R. R. of Ala.	776	968	811	3,045	1,837
Atlanta, Birmingham & Coast	640	880	683	1,185	1,051
Atlantic Coast Line	10,384	11,028	10,056	9,459	6,688
Central of Georgia	3,579	4,565	4,392	3,879	3,943
Charleston & Western Carolina	330	439	446	1,312	1,493
Clinchfield	1,688	1,841	1,318	2,463	2,738
Columbus & Greenville	472	376	252	198	397
Durham & Southern	88	217	172	699	514
Florida East Coast	884	454	425	1,497	970
Gainesville Midland	29	52	35	80	73
Georgia	1,384	1,226	1,061	2,562	1,987
Georgia & Florida	349	361	304	591	592
Gulf, Mobile & Ohio	4,035	4,483	3,328	4,562	3,21
Illinois Central System	26,892	28,567	23,820	18,870	14,434
Louisville & Nashville	23,914	26,849	22,966	11,313	8,389
Macon, Dublin & Savannah	171	179	135	590	708
Mississippi Central	313	227	178	874	394
Nashville, Chattanooga & St. L.	3,716	3,570	3,033	4,788	3,27
Norfolk Southern	1,167	1,471	1,222	2,219	1,39
Piedmont Northern	308	516	400	1,106	1,45
Richmond, Fred. & Potomac	358	449	391	8,031	5,01
Seaboard Air Line	9,349	9,950	9,026	7,192	6,44
Southern System	21,354	25,052	22,320	22,615	19,75
Tennessee Central	515	563	419	898	77
Winston-Salem Southbound	90	154	167	992	1,05
Total	113,124	124,848	107,583	111,461	88,80
Northwestern District—					
Chicago & North Western	18,756	23,628	22,761	13,648	13,50
Chicago Great Western	2,276	3,286	2,727	3,278	3,60
Chicago, Milw., St. P. & Pac.	18,792	24,431	22,287	8,551	9,84
Chicago, St. Paul, Minn. & Omaha	3,781	4,330	4,651	4,142	4,47
Duluth, Missabe & Iron Range	30,663	23,718	22,274	509	27
Duluth, South Shore & Atlantic	806	1,296	1,306	1,299	49
Elgin, Joliet & Eastern	9,456	10,606	9,513	9,923	9,88
Ft. Dodge, Des Moines & South	443	790	620	109	17
Great Northern	29,711	26,905	25,403	5,715	4,42
Green Bay & Western	416	636	550	865	77
Lake Superior & Ishpeming	2,159	2,244	3,465	49	9
Minneapolis & St. Louis	1,861	2,134	2,240	1,977	2,22
Minn., St. Paul & S. S. M.	7,629	8,346	9,034	3,119	3,291
Northern Pacific	12,017	12,274	12,152	5,312	4,90
Spokane International	312	182	317	657	37
Spokane, Portland & Seattle	2,464	2,841	2,272	3,129	1,42
Total	141,542	147,647	141,572	62,282	59,78
Central Western District—					
Atch., Top. & Santa Fe System	20,741	22,736	20,738	12,608	9,30
Alton	2,889	3,576	3,098	4,364	3,03
Bingham & Garfield	560	657	479	113	10
Chicago, Burlington & Quincy	18,331	18,991	16,168	11,406	11,01
Chicago & Illinois Midland	2,702	2,951	2,036	936	98
Chicago, Rock Island & Pacific	11,641	14,180	13,272	11,494	10.75
Chicago & Eastern Illinois	2,569	2,906	2,713	4,319	3,01
Colorado & Southern	844	883	727	1,915	1,79
Denver & Rio Grande Western	3,925	4,502	4,114	6,148	4,62
Denver & Salt Lake	782	1,010	908	20	2
Fort Worth & Denver City	1,205	1,006	931	1,433	1,225
Illinois Terminal	1,914	1,996	1.889	2,377	2,21
Missouri-Illinois	1,316	1,196	1,008	380	77
Nevada Northern	2,197	1,910	1,825	90	11
North Western Pacific	1,185	1,205	826	660	58
Peoria & Pekin Union	6	9	10	0	
Southern Pacific (Pacific)	31,122	31,337	27,159	10,776	7,59
Toledo, Peoria & Western	261	372	381	1,547	1,63
Union Pacific System	14,946	18,623	15,864	14,803	12,93
Utah	488	535	483	4	
Western Pacific	2,223	2,628	1,948	3,990	3,17
Total	121,847	133,209	116,577	89,383	74,92
Southwestern District—					
Burlington-Rock Island	697	159	137	162	18
Gulf Coast Lines	4,305	3,109	2,620	2,531	2,08
International-Great Northern	2,655	2,191	2,167	2,614	2,35
Kansas, Oklahoma & Gulf	324	214	202	1,138	1,10
Kansas City Southern	4,714	2,640	2,260	2,926	2,86
Louisiana & Arkansas	3,822	2,623	2,001	2,411	2,24
Litchfield & Madison	255	361	352	1,148	1,24
Midland Valley	636	955	602	209	24
Missouri & Arkansas	150	167	203	403	40
Missouri-Kansas-Texas Lines	4,622	4,646	4,739	5,090	3,93
Missouri Pacific	16,220	18,107	15,415	20,037	12,60
Quanah Acme & Pacific	67	130	103	312	16
St. Louis-San Francisco	8,346	9,561	7,885	8,035	5,85
St. Louis Southwestern	2,767	3,072	2,487	5,802	3.40
Texas & New Orleans	12,520	8,370	7,790	4,684	4,12
Texas & Pacific	3,982	4,190	4,012	8,005	4,81
Wichita Falls & Southern	90	114	139	46	61
Weatherford M. W. & N. W.	19	22	14	76	5
Total	66,191	60,631	53,131	65,629	47,76

Note—Previous year's figures revised.

Non-Ferrous Metals—WLB Recommends Higher Wage Rate—May Disturb Price Structure

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 17 stated: "Copper, lead and zinc producers were concerned about the majority opinion of the mediation panel of the War Labor Board handed down Sept. 16, recommending a wage increase of $1 a day for mine, mill and smelter workers in Utah and Idaho, to stop migration of labor to defense plants and attract replacements. At seven plants of the American Smelting & Refining Co. the opinion favors wage increases of 20¢ to $1.24 a day, with a proposal that at three of the company's units the question of wages should be settled by negotiation. Higher wages, if granted, may disturb the price structure, the trade believes. The publication further went on to say in part:

Copper

Consumers who had allocation certificates for September copper experienced no difficulty in obtaining the metal.

With the cost of producing copper likely to rise, because of labor conditions, the industry is wondering whether the premium-price plan will come up for revision.

The quotation for domestic copper continued at 12¢, Valley. Foreign copper sold to Metals Reserve on the basis of 11.75¢, f.a.s. United States ports.

Copper chemicals have been placed under allocation by WPB in an order that becomes effective Oct. 1. Deliveries of the chemicals may be made in small lots by certification from the purchaser to his supplier. Limits set on small-lot business are 450 lb. of copper sulphate, and 25 lb. of the other chemicals, in one month. Items listed are sulphate, carbonate, chloride, oxide, nitrate, and cyanide.

Lead

Obstacles to be surmounted before the conservation order for lead can be modified appear to be numerous, and little progress was made toward easing the order during the last week. In many instances, use of lead in quantity is hampered by existing orders covering materials that usually go with the metal in making up the final product. Domestic consumption of lead at present is estimated at 57,000 to 60,000 tons a month.

Quotations for common lead continued on the basis of 6.50¢, New York, and at 6.35¢, St. Louis.

Zinc

The zinc concentrate situation has received increased attention in Washington and the industry couples this development with the move to raise wages of mine workers in some districts to prevent further labor deficiences and lift production. The market for zinc underwent no change, Prime Western continuing on the basis of 8.25¢, St. Louis.

Tin

The compliance division of the War Production Board has started a survey of tin stocks at plants of consumers.

British authorities claim that strategic materials are "trickling" from Japan into Germany. One of the items mentioned is tin. Spain and France are believed to operate part of the supply route for moving critical materials to circumvent the British blockade.

Straits quality tin for future delivery was nominally as follows:

	Sept.	Oct.	Nov.
Sept. 10	52.000	52.000	52.000
Sept. 11	52.000	52.000	52.000
Sept. 12	52.000	52.000	52.000
Sept. 14	52.000	52.000	52.000
Sept. 15	52.000	52.000	52.000
Sept. 16	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125¢ all week.

Chrome and Manganese

The Metals Reserve Co. has extended the terms and provisions of its circular of June 1, 1942, concerning the purchase of small lots of chrome and manganese ores, to Dec. 31, 1943.

Quicksilver

Conditions governing the quicksilver situation in the United States have not changed. Production is finding a ready outlet, either for immediate consumption or for the emergency stockpile. Quotations here continued at $194.43 to $198.08 per flask.

Silver

Senator Green (R. I.) has introduced a bill authorizing the President, through the Secretary of the Treasury, to dispose of the Government's silver for production of war materials and essential civilian needs. The price set by the proposed measure is cost or market.

Senator McCarran, Nevada, promised strong opposition to legislation which would allow surplus Treasury silver to be sold to the jewelry trade and industry.

During the past week the London price was unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 44¾¢ and 35¢, respectively.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

NLRB Director for N. Y.

Charles T. Douds, Pittsburgh regional director of the National Labor Relations Board from 1937 to 1941, has been appointed as regional director for New York. Mr. Douds replaces Mrs. Elinore M. Herrick, who resigned recently to take a job with the Todd Shipyards Corp. He is expected to assume his new duties early in October. For the past year, Mr. Douds has been assistant director of the NLRB's field division, with headquarters in Washington, but spent much time in Pittsburgh.

The resignation of Mrs. Herrick was noted in these colums of Sept. 3, page 812.

Items About Banks, Trust Companies

Harry E. Ward, Chairman of the Board of Irving Trust Co., New York City, announced on Sept. 17 the following official changes: Cecil W. Borton, promoted from Assistant Vice-President to Vice-President; Sidney W. Coe and Maurice C. Thompson, appointed Assistant Vice-Presidents. Mr. Borton, who was a First Lieutenant in the Army in the first World War, is a graduate of the University of Illinois. He entered the Irving in 1922, became Assistant Auditor in 1926, and Auditor in 1932. In 1939 he was made Assistant Vice-President. Mr. Borton is President of the National Association of Bank Auditors and Comptrollers. Mr. Coe, a native of Ohio and graduate of Harvard University, entered the Irving in 1933, and for the last four years has been in the division handling the company's business in the Middle West. Mr. Thompson is in the division handling the company's business in the Southern and Southwestern States. Before entering the Irving, he was a resident manager of General Motors Acceptance Corporation for 15 years, with headquarters in Dallas, Texas.

Selden Osgood Martin, financial counsel for many corporations, died on Sept. 14 in New Rochelle Hospital, New Rochelle, N. Y., after a brief illness. He was 61 years old. Born in Dover-Foxcroft, Me., Mr. Martin was graduated from Bowdoin College and from Harvard University, where he received his M.A. and Ph.D. He was assistant professor of marketing at the Harvard Business School, 1910-16, and director of its bureau of business research, 1912-16. During the next five years he was manager of the research department of the American International Corporation with headquarters in New York. Mr. Martin served as President of the Sonora Phonograph Co. from 1924-1927.

In 1934-36 he was executive director of the industrial advisory committee of the New York Federal Reserve Bank. He recently returned from several months work in Washington where he was consultant to Robert P. Patterson, Under Secretary of War.

George N. Coe, formerly manager of the National City Bank of New York branch in Singapore, and for 23 years a member of the organization, was appointed Assistant Cashier at the regular meeting of the Board of Directors held on Sept. 22. He is now located in head office.

George G. Clarabut, Chairman of the Board of the Farmers National Bank and Trust Co., Rome, N. Y., recently observed his 60th anniversary of continuous service with that institution. A native of Rome, N. Y., Mr. Clarabut began his banking career on Sept. 12, 1882, as a messenger boy. After serving as bookkeeper and teller, he was advanced to Assistant Cashier in 1901 and Cashier in 1904. Mr. Clarabut became Vice-President in 1918 and in 1923 was elected President of the Farmers National Bank and Trust Co. He resigned the presidency of the institution in 1934 but continued to serve the bank as Chairman of the Board and in an advisory capacity. The bank, now headed by Carl H. Simon, was formed in 1875 as a State institution and four years later became a member of the national banking system.

Thomas H. Sullivan, President of the Bay State Savings Bank, Worcester, Mass., and a member of the Massachusetts Bar for 48 years, died on Sept. 11 at his home in Millbury, Mass. He was 74 years old. Mr. Sullivan had been head of the Bay State Savings Bank since 1922. He had been a member of the advisory board of the State Department of Education since his appointment by the late President Calvin Coolidge, when the latter was Governor.

Harold A. Arnsberger, Assistant Cashier of the First National Bank of Omaha, died on Sept. 13 at an Omaha hospital. He was 47 years old. Mr. Arnsberger, who went to Omaha from Oxford, Neb., six years ago, was President of the Securities State Bank at Oxford before selling his interests and becoming associated with the First National Bank. He was a former member of the executive council of the Nebraska Bankers Association, and prominent in State banking circles.

Carl P. Smith, Vice-President and Trust Officer of the Citizens National Trust & Savings Bank of Los Angeles, was elected a Director at the regular meeting of the Board held Sept. 15, it was announced by President H. D. Ivey. Prior to his association with the bank in 1924, Mr. Smith was assistant to the late J. Ross Clark, who built the Los Angeles & Salt Lake RR., and who was for many years a Director of Citizens National Bank and Chairman of the Board at the time of his death. Following the merger of the Salt Lake RR. with the Union Pacific, Mr. Smith was made assistant general manager. He resigned to join the bank's trust department in 1924, was shortly after made Assistant Trust Officer, and in 1938 was elected Vice-President and Trust Officer.

The Bank of Montreal announces the appointment of Gerald F. Pearson as manager of the bank's main office in Toronto, succeeding Harvey F. Skey, who is retiring on pension. Mr. Pearson has for some time been manager of the main branch of the bank in Winnipeg and was formerly assistant superintendent of the Ontario branches. Mr. Skey retires after 45 years of service with the bank. He has been manager of the main Toronto branch for the last seven years.

E. H. Lawrence, General Manager of the National Bank of India, Ltd., died on Sept. 2 in his 70th year, according to word recently received by us. The advices state:

"Mr. Lawrence, after serving three years' apprenticeship in a Scottish bank, entered the head office in London of the National Bank of India, Ltd., in March, 1891, and after four years of experience proceeded to Bombay in February, 1895. During the years spent abroad Mr. Lawrence served in Bombay, Aden, Calcutta and Madras offices, in Zanzibar, Nairobi and finally in Colombo where he was manager for a considerable period and where he became widely known and greatly esteemed. He returned from Colombo to London as Inspector of Branches in October, 1927, becoming London Manager on Nov. 1, 1928, while, following upon the death of Ross Munro, he succeeded him as General Manager of the bank in March, 1937. In June, 1940, the Directors gave expression to their appreciation of Mr. Lawrence's services as General Manager by appointing him to a seat on the Board of Directors. Mr. Lawrence was Chairman of the British Overseas Banks Association for the current year."

Bright Outlook For Small Businesses In Post War World Foreseen By N. Y. Trust

While small business, in general, is facing what many consider the most serious emergency in its history in the United States, the long-term outlook for those firms which are able to survive the present economic upheaval appears bright in the post-war world, the New York Trust Company says in the issue of "The Index," its quarterly publication, issued Sept. 21. How many of the small businesses survive will be determined by the initiative and resourcefulness of their management as well as by those factors beyond their control, according to the "The Index," which says:

"The integration of small business in the United States into the war production program has not yet been accomplished to the satisfaction either of most small businessmen or of those in charge of the war program. The importance of achieving this is not lessened because neither England nor Germany seems to have made any greater progress at a corresponding stage in their war preparations. Small business in this country normally accounts for about one-third of production in manufacturing industry and a considerably increased share of this output may well be needed to insure victory. Moreover, those small manufacturers unable to convert to war production or to continue their normal output face a bitter struggle for survival, as do many of the nearly 2,600,000 small businesses engaged in distribution or services.

"Their perpetuation is of national import because small business has long been considered a bulwark of the American system of free enterprise. Successful operation of small businesses throughout the nation is generally accompanied by a diffusion of economic power, normally gives to both producer and consumer a wider latitude of choice and, insofar as it affects political power, helps to make possible the continuation of civil liberties.

"According to the Department of Commerce, the United States has more than 2,750,000 small business establishments. Of these, over 169,000 are manufacturing concerns. The remainder are classified thus: 72,000 wholesalers, 1,614,000 retailers, 638,000 service organizations, 200,000 construction companies, 40,000 places of amusement and 25,000 hotels.

"Of the 184,000 manufacturing concerns of the country, it has been estimated that the facilities of only about 45,000 can be converted to war work. Yet the number of small manufacturing concerns alone totals over 169,000.

"To assist the far greater proportion of those not yet participating in the war production program, Congress established in July the Smaller War Plants Corporation, with a capitalization of $150,000,000.

"Whatever measure of success attends the efforts toward conversion to war work of the thousands of small industrial plants not yet participating therein, there must still be considered the difficulties of the nearly 2,600,000 small business institutions engaged in distribution and services of various kinds. Among these are some 44,000 automobile dealers and 60,000 independent tire dealers who have been particularly hard hit by the curtailment of automobile production and the rubber shortage.

"Important among other problems is a potential shortage of labor supply. Those small businesses losing employees thus may be forced to call upon those not normally employed, including the women in the nation's labor reserve.

"The experience of other nations demonstrates that small business can contribute greatly to war production. Moreover, war work would make more certain their survival, considered essential to the preservation of free enterprise in this country.

"The long-term outlook for small business concerns able to survive seems brighter, therefore, than the immediate future which is clouded by war restrictions. With the provision, of course, that the United Nations win the war and the free enterprise system is preserved in this country, it seems probable that when peace returns the greatest demand in history for many products, particularly those now unobtainable or to be had in small quantities, will have accumulated. Helping to meet that accumulated demand should enable small business to resume its high position in the nation's economy."

Earnings, Employment, At New Peaks In July

July earnings, employment, man hours and payrolls in 25 manufacturing industries were higher than those in any previous month, according to the National Industrial Conference Board, New York City.

The Board issued the following details on Sept. 18:

"Hourly earnings in rising 1.1% from June to July reached the level of $0.927. This level was 12.8% above that of July, 1941, and 57.1 above the average for the year 1929.

"Weekly earnings advanced 0.6% and average $39.76 in July. They were 18.0% more than in July last year and 39.3% more than weekly earnings in 1929.

"'Real' weekly earnings, or dollar weekly earnings adjusted for changes in the cost of living, were 7.6% greater than in July, 1941, 42.9% greater than in 1929.

"Employment in July increased 1.0%, and was 10.9% higher than in July, 1941, and 34.3 higher than in 1929.

"Man hours worked totaled 0.8% more in July than in June. They have risen 15.2% since July, 1941, and 18.3% since 1929.

"Payrolls stood at 202.6 (1923 equals 100) in July. This level was 1.7% greater than that in June, 30.9% greater than that a year before and 86.9% higher than 1929 payrolls.

"Hours worked per week at 42.6 were 0.2% less than in June and 11.8% below the average for 1929. However, they had increased 3.9% in the year-period and were higher than in any other month since the depression, except for the period March through June of this year.

"Since our entry into the war, hourly earnings, according to the Board's findings, have risen 7.8%, the average monthly increase being 1.1%. The work week was 2.7% longer in July than in November, 1941. Average weekly earnings exceeded those at the beginning of the period by 11.2% and 'real' weekly earnings were up 5.9%, despite higher living costs. Employment gained 6.4%, man hours worked were 9.3% greater, and payrolls totaled 18.4% more than in the previous period.

"Over the period from August, 1939, to July, 1942, average hourly earnings rose 28.8% and the work week was 4.7 hours, or 12.4% longer. Actual weekly earnings advanced 45.7% over August, 1939, and 'real' weekly earnings exceeded those before the war by 25.5%. The number of wage earners at work in the 25 industries was 61.0% greater than at the beginning of the period. Man hours worked totaled 81.2% more and payrolls 134.5% more in July than in August, 1939."

In commenting upon the figures, the Board says:

"Employed manufacturing workers in July were in an advantageous position according to these surveys. They received the highest hourly earnings recorded in this series and they worked 42.6 hours a week for which they received $39.76. With this amount of money they could purchase more necessities and services than they were in position to obtain in any previous month since these surveys were initiated.

"More persons were at work in the 25 industries than ever before. Their man hours of work totaled more and the payrolls paid out by manufacturers were larger in July than in any other month since these surveys were begun in 1914."

Savings-Loan Assets Show Net Increases

More than half of the savings, building and loan associations with assets above $5,000,000 showed net gains during the first six months that the nation was at war, H. F. Cellarius, Secretary-Treasurer of the United States Savings and Loan League, reported on Sept. 19. Of the League's member associations, 165 ranked in this top-size group as of June 30, 1942, and four of them climbed into it for the first time during the first six months of the year.

Showing how relatively light as yet has been any adverse influence of the war economy on these thrift and home financing institutions, Mr. Cellarius said that three out of every four of the associations of this size arrived at June 30, 1942, with larger asset totals than they had 12 months before. Some 57% of them gained during the first half of this year, and one out of every three which increased their assets added $250,000 or more. Twenty-two of them had larger increases than for the same period in 1941.

"Locations of the institutions which have showed quarter of a million gains in spite of the disruptions of militarizing the nation reflect the inflow of funds to savings institutions as a result of war expenditures," he said. "The institutions making this sizable gain were located in Cleveland, Atlanta, Washington, D. C.; Providence, R. I.; Dayton, Ohio; Minneapolis; Tacoma, Wash.; Los Angeles; Rochester, N. Y.; Louisville, Ky.; Boston; Manchester, N. H.; Canton, Ohio; Bellaire, Ohio; Toledo, Ohio; Baltimore; Schenectady; San Diego; Brooklyn, and Nashville, Tenn."

The largest gain for the half year was over $2,000,000 by the Boston Federal Savings and Loan Association, while the Minneapolis Savings and Loan Association had the second largest growth with its addition of more than $1,000,000. There were ten others which increased their assets by between half a million and a million dollars.

Mr. Cellarius said the percentage of these associations which grew during the first half of 1942 was almost as large as the 63% of their number which increased assets for the like period two years ago. A drop was noticeable from last year, however, when 82% of the over-$5,000,000 associations grew the first six months.

There are now 49 member associations of the United States Savings and Loan League with assets over $10,000,000. Holding its own as the nation's largest is the Perpetual Building Association, Washington, D. C., which had $55,363,607 as of June 30, 1942.

Combined assets of all the League's member associations of $5,000,000 and over are now $1,600,120,822, and of this amount approximately $91,000,000 is in seven institutions which have come into existence since 1934.